Apex Investment PSC

BOARD OF DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Apex Investment PSC

BOARD OF DIRECTORS' REPORT

31 DECEMBER 2023

Apex Investment PSC

BOARD OF DIRECTORS' REPORT
For the year ended 31 December 2023

The Board of Directors have the pleasure to present their report, together with the audited consolidated financial statements of Apex Investment PSC (the "Company") and its subsidiaries (together referred to as the "Group"), for the year ended 31 December 2023.

Principal activities
The principal activities of the Group include clinkers and hydraulic cements manufacturing, wholesale of cement products trading and industrial, commercial and agricultural enterprises investment, institution and management, providing food catering, ready-made food catering contracts (meal preparation), camps and labor accommodation management, facilities management services, onshore and offshore oil and gas fields and facilities services, sale and rental of tents and shades, tailoring producing tents pavilions, organizing parties and events and providing interior design work.

Results for the year
During the year ended 31 December 2023, the Group reported revenue of AED 723,487,592 (2022: AED 820,299,415) and profit from operations AED 78,866,647 (2022: AED 159,770,279) and loss for the year of AED 58,433,109 (2022: profit of AED 187,194,349) primarily driven by net loss from financial assets carried at fair value through profit or loss AED 129,433,369 (2022: gain AED 33,923,073).

Auditors
A resolution proposing the reappointment of Ernst & Young as auditors of the Group for the year ending 31 December 2024 will be put to the shareholders at Annual General Meeting.

For and on behalf of the Board of Directors

Group Chairman of the Board

Group Managing Director

Date 23rd January 2024
Abu Dhabi

Apex Investment PSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

APEX INVESTMENT PSC

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Apex Investment PSC (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

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

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition
Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2023, total revenue of the Group amounted to AED 723,487,592 (2022: AED 820,299,415) (note 4).

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

APEX INVESTMENT PSC continued

Report on the Audit of the Consolidated Financial Statements continued

Revenue recognition continued
We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we obtained an understanding of the design and operating effectiveness of the controls relating to the revenue recognition process for certain subsidiaries, and performed substantive audit procedures which included overall analytical procedures at the Group and subsidiary level, and performed testing of transactions covering the population throughout the year, to assess whether revenues were properly recognised.

Other information
Other information consists of the information included in the Board of Directors' report and annual report other than the consolidated financial statements and our auditor's report thereon. We obtained the Board of Directors' report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor's report. Management is responsible for the other information.

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

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

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

APEX INVESTMENT PSC continued

Report on the Audit of the Consolidated Financial Statements continued

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

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

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

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

APEX INVESTMENT PSC continued

Report on the Audit of the Consolidated Financial Statements continued

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

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (32) of 2021;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

v) investments in shares and stocks are included in note 9 to the consolidated financial statements;

vi) note 17 reflects material related party transactions and the terms under which they were conducted;

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 Group has contravened during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2023; and

viii) there were no social contributions made during the year.

Signed by
Ahmad Al Dali
Partner
Ernst & Young
Registration No. 5548

23 January 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue	4	**723,487,592**	820,299,415
Cost of sales	5	**(596,068,115)**	(595,317,690)
GROSS PROFIT		**127,419,477**	224,981,725
General and administrative expenses	6	**(57,491,331)**	(67,601,780)
Other income		**9,912,275**	3,012,635
Dividend income		**939,559**	783,537
Finance costs		**(1,913,333)**	(1,405,838)
PROFIT FROM OPERATIONS		**78,866,647**	159,770,279
Share of loss from equity accounted investees	8	**(7,866,387)**	(6,499,003)
Net (loss) gain from financial assets carried at fair value through profit or loss	9	**(129,433,369)**	33,923,073
(LOSS) PROFIT FOR THE YEAR		**(58,433,109)**	187,194,349
Basic (loss) earnings per share	21	**(0.016)**	0.061

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	***2023 AED***	*2022 AED*
(LOSS) PROFIT FOR THE YEAR		**(58,433,109)**	187,194,349
Other comprehensive (loss) income:			
Items that will not be subsequently reclassified to consolidated profit or loss in subsequent years:			
Decrease in fair value of investments carried at fair value through other comprehensive income ("FVTOCI")	9	**(44,394,666)**	(22,359,238)
Total other comprehensive loss		**(44,394,666)**	(22,359,238)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(102,827,775)**	164,835,111

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property, plant and equipment	7	**348,853,470**	355,248,326
Intangible assets		**6,913,271**	6,954,649
Right-of-use of assets	18	**16,110,979**	16,666,737
Investments in equity accounted investees	8	**38,804,958**	32,710,095
Financial assets carried at FVTOCI	9	**144,322,521**	188,717,187
		555,005,199	600,296,994
Current assets			
Inventories	10	**76,220,392**	57,793,126
Trade and other receivables	11	**332,825,371**	639,873,502
Financial assets carried at fair value through profit or loss (FVTPL)	9	**450,834,185**	587,147,884
Amounts due from related parties	17	**176,422,632**	232,952,570
Cash and bank balances	12	**607,791,559**	142,603,549
		1,644,094,139	1,660,370,631
TOTAL ASSETS		**2,199,099,338**	2,260,667,625
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**3,553,195,467**	3,553,195,467
Merger reserve	3	**(1,800,910,103)**	(1,800,910,103)
Cumulative changes on revaluation of financial assets		**66,952,153**	111,346,819
Statutory reserve	14.1	**88,435,453**	88,435,453
Voluntary reserve	14.2	**51,756,274**	51,756,274
(Accumulated losses) retained earnings		**(13,801,098)**	44,632,011
Total equity		**1,945,628,146**	2,048,455,921
Non-current liabilities			
Provision for employees' end of service benefits	15	**8,099,005**	5,620,240
Lease liabilities	18	**1,574,290**	1,525,510
		9,673,295	7,145,750
Current liabilities			
Trade and other payables	16	**180,127,591**	159,084,026
Lease liabilities	18	**17,467**	15,468
Amounts due to related parties	17	**42,048,254**	29,346,447
Short term borrowings	19	**21,604,585**	16,620,013
		243,797,897	205,065,954
Total liabilities		**253,471,192**	212,211,704
TOTAL EQUITY AND LIABILITIES		**2,199,099,338**	2,260,667,625

Group Chairman of the Board

Group Managing Director

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2023

	Share capital AED	*Merger reserve AED*	*Statutory reserve AED*	*Voluntary reserve AED*	*Cumulative changes on revaluation of financial assets AED*	*(Accumulated losses) retained earnings AED*	*Total equity AED*
Balance at 1 January 2022	503,118,000	-	69,716,018	33,036,839	133,706,057	(105,123,468)	634,453,446
Issuance of share capital (note 13)	3,050,077,467	-	-	-	-	-	3,050,077,467
Acquisition of subsidiary (note 3)	-	(1,800,910,103)	-	-	-	-	(1,800,910,103)
Profit for the year	-	-	-	-	-	187,194,349	187,194,349
Other comprehensive loss for the year	-	-	-	-	(22,359,238)	-	(22,359,238)
Total comprehensive income for the year	-	-	-	-	(22,359,238)	187,194,349	164,835,111
Transfer to reserves	-	-	18,719,435	18,719,435	-	(37,438,870)	-
At 31 December 2022	3,553,195,467	(1,800,910,103)	88,435,453	51,756,274	111,346,819	44,632,011	2,048,455,921
Balance at 1 January 2023	3,553,195,467	(1,800,910,103)	88,435,453	51,756,274	111,346,819	44,632,011	2,048,455,921
Loss for the year	-	-	-	-	-	(58,433,109)	(58,433,109)
Other comprehensive loss for the year	-	-	-	-	(44,394,666)	-	(44,394,666)
Total comprehensive loss for the year	-	-	-	-	(44,394,666)	(58,433,109)	(102,827,775)
At 31 December 2023	**3,553,195,467**	**(1,800,910,103)**	**88,435,453**	**51,756,274**	**66,952,153**	**(13,801,098)**	**1,945,628,146**

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	31 December 2023 AED	31 December 2022 AED
OPERATING ACTIVITIES			
(Loss) profit for the year		**(58,433,109)**	187,194,349
Adjustments for:			
Depreciation on property, plant and equipment	7	**32,165,370**	23,030,667
Gain on sale of property, plant and equipment, net		**(9,644)**	(48,474)
Property, plant and equipment written-off	7	**882,000**	-
Gain on termination of right-of-use assets	18	**-**	(34,319)
Amortization of intangible assets		**41,378**	110,853
Depreciation on right-of-use assets	18	**555,758**	67,862
Fair value loss (gain) on revaluation of investments at FVTPL	9	**132,462,765**	(32,841,833)
Provision for employees' end of service benefits	15	**4,040,203**	2,434,121
Gain on sale of investments at FVTPL	9	**(3,029,396)**	(1,081,240)
Dividend income		**(939,559)**	(783,537)
Share of loss from equity accounted investees	8	**7,866,387**	6,499,003
(Reversal of) provision for expected credit loss on trade and other receivables and amount due from related parties	11 & 17	**(11,103,330)**	12,263,634
Allowance for slow-moving and obsolete inventories	10	**1,000,000**	-
Finance costs		**1,913,333**	1,405,838
		107,412,156	198,216,924
Working capital adjustments			
Inventories		**(19,427,266)**	2,286,731
Trade and other receivables		**322,985,257**	142,056,052
Trade and other payables		**21,043,565**	(135,141,451)
Amount due from related parties		**51,696,142**	(28,852,315)
Amount due to related parties		**12,701,807**	1,716,278
Cash from operations		**495,529,661**	180,282,219
Employees' end of service benefits paid	15	**(1,561,438)**	(352,046)
Net cash generated from operating activities		**493,968,223**	179,930,173
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(27,037,152)**	(38,440,023)
Upfront payment towards lease		**-**	(15,000,000)
Investment in equity accounted investees	8	**(13,961,250)**	(3,675,000)
Payment of lease liabilities	18	**(67,500)**	(135,000)
Proceeds from sale of property, plant and equipment		**394,282**	447,483
Proceeds from sale of investments at FVTPL	9	**13,647,852**	9,445,800
Purchase of investments at FVTPL	9	**(6,767,522)**	(12,871,249)
Movement of term deposits	12	**(95)**	-
Net cash acquired from an acquisition of a subsidiary	3	**-**	25,428,780
Dividend received		**939,559**	783,537
Net cash used in investing activities		**(32,851,826)**	(34,015,672)
FINANCING ACTIVITIES			
Net movement in short term borrowings	19	**(1,158,655)**	(6,951,925)
Finance costs paid		**(1,795,054)**	(1,397,461)
Net cash used in financing activities		**(2,953,709)**	(8,349,386)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**459,044,688**	137,565,115
Cash and cash equivalents at the beginning of the year		**127,131,996**	(10,433,119)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	**586,176,684**	127,131,996

The attached notes 1 to 24 form part of these consolidated financial statements.

1 ACTIVITIES

Apex Investment PSC (hereinafter referred to as the "Company") is a public shareholding company incorporated in Ras Al Khaimah under the name of Ras Al Khaimah Cement Company P.S.C by an Emiri Decree No. 4 issued by His Highness, The Ruler of Emirate of Ras Al Khaimah, United Arab Emirates in 1995. The Company started its commercial production in April 2000 and during 2021,it amended its business name to Ras Al Khaimah Cement Investment Public J.S.C. Further, in the month of March 2022, the Company's business name was amended to Apex Investment PSC. The Company is listed on the Abu Dhabi Securities Exchange (ADX).

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the "Group"). The principal activities of the Group include clinkers and hydraulic cements manufacturing, wholesale of cement products trading and industrial, commercial and agricultural enterprises investment, institution and management, providing food catering, ready-made food catering contracts (meal preparation), camps and labor accommodation management, facilities management services, onshore and offshore oil and gas fields and facilities services, sale and rental of tents and shades, tailoring producing tents pavilions, organizing parties and events and providing interior design work.

During 2021, the Company's shareholders accepted an offer from IHC Capital Holding LLC ("IHC") and Chimera Investment LLC ("Chimera"), the shareholders of Apex Holding LLC ("Apex"), to acquire 100% of the shareholding of Apex, in exchange for the issuance of mandatory convertible bonds with a nominal value of AED 1 each in an aggregate principal amount of AED 3,050,077,467 of the Company to IHC and Chimera. The convertible bonds were converted into ordinary shares on 17 February 2022. Regulatory approvals for the transaction were received on 1 March 2022 and consequently, the Company's share capital increased to AED 3,553,195,467 from that date. As a result of the transaction, IHC and Chimera became the majority holders of the Group.

On 1 April 2022, Tamween Companies Management LLC, a wholly owned subsidiary of Ghitha Holding PJSC, acquired 51.5% of shareholding of the Company from IHC.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issuance by the Board of Directors on 23 January 2024.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (IASB) and applicable requirements of the UAE Federal Law No. (32) of 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets that have been measured at fair value.

These consolidated financial statements are presented in UAE Dirham ("AED"), which is the functional currency of the primary economic environment in which the Group operates.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.2 BASIS OF CONSOLIDATION continued

Details of subsidiaries as at 31 December 2023 and 31 December 2022 were as follows:

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held* 31 Dec 2023	*2022*
Apex Holding LLC	United Arab Emirates	Investment Company	**100%**	100%
Ras Al Khaimah Cement Co. LLC	United Arab Emirates	Clinkers and hydraulic cement manufacturers and wholesale of cement products trading	**100%**	100%
Apex Alwataniah Catering Service LLC	United Arab Emirates	Food catering	**100%**	100%
The Central Tents Company – Sole Proprietorship LLC	United Arab Emirates	Sale and rental of tents	**100%**	100%
R.R Facility Management – Sole Proprietorship LLC	United Arab Emirates	Facilities management services	**100%**	100%
Boudoir Interiors - Sole Proprietorship LLC	United Arab Emirates	Interior design implementation works	**100%**	100%
Apex National Investment LLC	United Arab Emirates	Investment, institution and management of enterprises	**100%**	100%
Support Services Catering Company – Sole Proprietorship LLC	United Arab Emirates	Building cleaning services	**100%**	100%
Apex Companies Management LLC (*) (**)	United Arab Emirates	Management services of companies and private institutions	**40%**	40%
Apex Construction and Development – Sole Proprietorship LLC	United Arab Emirates	Real estate development and construction	**100%**	100%
Apex Padel Sport LLC – Sole Proprietorship PJSC (*) (***)	United Arab Emirates	Tennis club	**-**	100%
Apex Alwataniah Logistics – Sole Proprietorship LLC	United Arab Emirates	Land, marine, air shipment and clearance	**100%**	100%
Apex UL Investment LLC (*)	United Arab Emirates	Commercial enterprises investment	**51%**	51%
Riva Marine General Marine Services – Sole Proprietorship LLC (*) (***)	United Arab Emirates	Marine machine and equipment repair and maintenance	**-**	100%
Apex Academy SPLLC (*)	United Arab Emirates	Food safety consulting, professional safety and health consultancy	**100%**	100%
Apex AGRO Investment (*)(****)	Morocco	Agricultural Crop Trading, agricultural enterprises investment, institution and management	**100%**	-
Apex Commercial Investment – SPLLC	United Arab Emirates	Commercial enterprises investment, institution and management	**100%**	-

(*) These entities are dormant and non-operating entities.
(**) Subsidiary consolidated based on de-facto control.
(***) During the year, the licenses of Apex Padel Sport LLC - Sole Proprietorship LLC and Riva Marine General Marine Services - Sole Proprietorship LLC were cancelled.
(****) The Board of Directors has resolved to dissolve this entity which has no operations as of reporting date.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.3 CHANGES IN ACCOUNTING POICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- International Tax Reform - Pillar Two Model Rules – Amendments to IAS 12

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.4 FUTURE CHANGES IN ACCOUNTING POLICIES - STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IFRS 16: Lease Liability in a Sale and Lease back
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current
- Supplier Finance Arrangement – Amendments to IAS 7 and IFRS 17

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

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

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15
Certain projects for the Government of Abu Dhabi, its departments or related parties, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management has determined such unsigned verbal agreements meet the definition of a 'contract with customer' under IFRS 15. Management considers such unsigned verbal agreements to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions, though matters of detail are left to be agreed upon at a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matter of detail. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

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

Useful lives and residual values of property, plant and equipment
The useful lives and residual values of the property, plant and equipment are based on management's judgment of the historical pattern of useful lives and the general standards in the industry. Management has reviewed the residual values and the estimated useful lives of property, plant and equipment in accordance with IAS 16 'Property Plant and Equipment' and has determined that these expectations do not significantly differ from previous estimates.

Impairment of property, plant and equipment
Property, plant and equipment are assessed for impairment based on an assessment of whether impairment indicators exist at the consolidated statement of financial position date. Management has not provided any amounts in the current year for potentially impaired items of property, plant and equipment as management has not identified any impairment indicators. Accordingly, no provision for impairment is necessary on property, plant and equipment.

Allowance for expected credit losses on trade receivables and amounts due from related parties
The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At the reporting date, gross trade accounts receivable including unbilled receivables and amounts due from related parties amounted to AED 284,203,824 (2022: AED 641,460,299) and AED 186,122,030 (2022: AED 237,818,172) and the allowance for expected credit losses against them amounted to AED 15,960,732 (2022: AED 31,914,486) and AED 9,699,398 (2022: AED 4,865,602), respectively. Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

Impairment of inventories
Inventories are stated at the lower of cost or net realizable value. When inventories become slow-moving or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant but which are slow moving or obsolete, are assessed collectively and provision is made according to inventories type and degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventories amounted to AED 82,195,726 (2022: AED 62,768,460) and the provision for old and obsolete inventories amounted to AED 5,975,334 (2022: AED 4,975,334). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the statement of comprehensive income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Estimation uncertainty continued

Calculation of the quantity of inventory

The calculation of closing stock quantities of certain raw materials, clinker and finished cement requires the use of estimates. At the end of each reporting period, management appoints a surveyor to determine the volume of the inventory which is used by management, using a formula by reference to the inventory's estimated density, to arrive to the closing quantity.

2.6 MATERIAL ACCOUNTING POLICY INFORMATION

Business combinations and goodwill

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Changes in Group's ownership interest in existing subsidiaries
Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Acquisition of entities under common control
Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of the transferor entity. The components of the equity of the acquired entities are added to the same components within the Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

Intangible assets
Purchased intangible assets are shown at historical cost. Intangible assets have a finite useful life of seven years and are carried at cost less accumulated amortization. Amortization is calculated using the straight line method to allocate the cost of the intangible assets over their estimated useful lives.

Investments in associates
Associates are all entities over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post – acquisition profit or loss of the investee in the consolidated statement of profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the associate.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the associates, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates.

Unrealised gains or transactions between the Group and associates are eliminated to the extent of the Group's interest in these associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity – accounted investments is tested for impairment.

Investments in a joint venture
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint venture are accounted for using the equity method.

The results and assets and liabilities of the joint venture are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investments in a joint venture continued
The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of loss from equity accounted investees' in the consolidated statement of profit or loss.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

Revenue from contracts with customers for sale of goods or services
The Group recognises revenue from contracts with customers based on a five steps model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition continued

Revenue from contracts with customers for sale of goods or services continued

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss at the fair value of the consideration received or receivable.

Contract revenue

Contract revenue comprises revenue from execution of contracts relating to construction project services. The Group recognises revenue from construction project execution services contracts over time as the assets constructed are highly customized for the customers' needs with no alternative use and the Group has right to payment for performance completed to date.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, and incentive payments, to the extent that it is probable that they will result in revenue, they can be measured reliably and will be approved by the customers. Claims are recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be measured reliably. Contract revenue also includes revenue from securing the award of significant projects for construction works. These amounts are recognised when all significant service obligations arising from the related services have been discharged.

If the outcome of a contract can be estimated reliably, contract revenue is recognised in the consolidated statement of profit or loss in proportion to the stage of completion of the contract. Losses on contracts are assessed on an individual contract basis and a provision is recorded for the full amount of any anticipated losses, including losses relating to future work on a contract, in the period in which the loss is first foreseen.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; and contract costs should be recognised as an expense in the period in which they are incurred.

Revenue from sale of goods

The Group recognises revenue from sale of food and non-food items at a point in time. For sales of goods to the customers mainly include one performance obligation, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of use of goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Revenue from sale of cement is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group is entitled.

Facility management

The Group provides specialized facility management, maintenance and operational support services to its customers. Such services are recognised as a performance obligation satisfied over a period in time on a monthly basis under IFRS 15.

Rendering of services

The Group provides services related to interior design implementation works. Such services are generally recognised as a performance obligation satisfied over a period of time based on the percentage of work completed at the end of the reporting period.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on all temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions:

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences and carried forward tax credits or tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the reporting date.

Current and deferred tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to, respectively, other comprehensive income or equity. Otherwise, income tax is recognised in the consolidated statement of comprehensive income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments

i) Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement
Financial assets are classified, at initial recognition as financial assets at fair value through profit or loss, fair value through OCI or amortized cost. All financial assets are recognised initially at fair value plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Group's financial assets comprise financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income, trade and other receivables, amounts due from related parties and cash and bank balances.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

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 Group'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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (trade and other receivables, amounts due from related parties and cash and bank balances);
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
d) Financial assets at fair value through profit or loss.

Financial assets at amortised cost
A financial asset is measured at amortised cost, if both the following conditions are met:

- the financial asset is held within a business model whose objective is 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 the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets which are classified at amortised cost include trade and other receivables, amounts due from related parties and cash and bank balances.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Financial assets at fair value through OCI (debt instruments)
A financial asset is measured at fair value through other comprehensive income, if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

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

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as 'dividend income' in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial instruments continued

i) Financial assets continued

Derecognition of financial assets
The Group derecognises a financial asset only when:

- the contractual rights to the cash flows from the asset expire; or
- it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

ii) Financial liabilities

All financial liabilities are classified as subsequently measured at amortised cost, except for:

- financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts; and
- commitments to provide a loan at a below-market interest rate.

At initial recognition, the Group may irrevocably designate a financial liability as measured at fair value through profit or loss when permitted, or when doing so results in more relevant information, because either:

- it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a financial liability is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks with the original maturity of three months or less, net of bank overdrafts.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Inventories
Inventories are valued at the lower of cost and net realisable value ("NRV") after making due allowance for any obsolete or slow moving items. Cost is determined on the weighted average cost basis and comprises raw materials, wages and industrial costs that contribute in transforming raw materials into finished products, invoiced cost, duties, freight charges and other related expenses that have been incurred in bringing the inventory to their present location and condition. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The costs of sale include directly attributable marketing and distribution costs.

Property, plant and equipment
Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

	Years
Factory building and leasehold improvements	10 - 40
Plant and machinery	28 – 60
Kitchen equipment	2-5
Tents and caravans	4
Furniture fixtures and office equipment	2-15
Motor vehicles	2-10

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets
At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Impairment of non-financial assets continued
If the recoverable amount of an asset (or cash generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Fair value of financial instruments
The Group measures financial instruments, such as, investments carried at fair value through profit or loss, at fair value at the consolidated statement of financial position date.

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

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

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

For financial instruments quoted in an active market fair value is determined by reference to quoted market prices. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Fair value of financial instruments continued
For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include comparison with similar instruments for which market observable prices exist, adjusted net asset method and other relevant valuation models.

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

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

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

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

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

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

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful life of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'impairment of non-financial assets' policy.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessee continued

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'general and administrative expenses' in the consolidated statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

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

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

iii) Short-term leases and leases of low-value assets

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

Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its tents and caravans.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued

Group as a lessor continued

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

Value added tax (VAT)

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

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

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

Provision for employees' end of service benefits

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

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

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION continued

2.6 MATERIAL ACCOUNTING POLICY INFORMATION continued

(Loss) earnings per share
Basic (loss) earnings per share is calculated by dividing:

- The (loss) profit of the Group, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares if any.

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

UAE Corporate Tax
On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024. However, the related deferred tax accounting impact has been considered for the financial year ended 31 December 2023. Following assessment of the potential impact of the UAE CT Law on the balance sheet, management do not consider there to be material temporary differences on which deferred taxes should be accounted.

The Group will continue to monitor the publication of subsequent decisions and related guidance, as well as continuing its more detailed review of its financial matters, to consider any changes to the position at subsequent reporting dates.

3 BUSINESS COMBINATION

Business Combination under common control – Acquisition of Apex Holding LLC
As stated in note 1, in 2021, the Company received and approved an offer from the shareholders of Apex to transfer 100% of the shareholding of Apex to the Company (the "Transaction"). On 1 March 2022 (the "Acquisition Date") all regulatory approvals related to the Transaction were received, and the entire issued share capital of Apex was transferred to the Company in consideration for the issuance of mandatory convertible bonds by the Company to Apex's shareholders. The convertible instruments were converted into 3,050,077,467 ordinary shares at a par value of AED 1 each representing 85.8% of the issued share capital of the post-merger combined entity.

Apex is based in the United Arab Emirates and is involved in providing food catering, ready-made food catering contracts (meal preparation), camps and labor accommodation management, facilities management services, onshore and offshore oil and gas fields and facilities services, sale and rental of tents and shades, tailoring producing tents pavilions, organizing parties and events and providing interior design work. During the second quarter of 2022, the Company completed its assessment and concluded that the transaction represents a business combination of entities under common control which is outside the scope of IFRS 3 given that the Company and the acquired entity are ultimately controlled by the same party before and after the acquisition. Accordingly, consistent with the Group accounting policy, the Company accounted for the transaction using the pooling of interest method.

Business Combination under common control – Acquisition of Apex Holding LLC
The following table summarises the assets acquired and liabilities assumed:

	Total *AED*
2022	
Assets	
Property, plant and equipment	12,726,735
Intangible assets	6,882,615
Right of use of assets	162,323
Inventories	4,970,697
Financial assets carried at fair value through profit or loss	508,498,999
Amounts due from related parties	205,925,594
Trade and other receivables	738,927,686
Cash and bank balances	25,428,780
	1,503,523,429
Liabilities	
Provision for employees' end of service benefits	2,426,506
Amounts due to related parties	27,630,169
Lease liabilities	129,644
Trade and other payables	224,169,746
	254,356,065
Total identifiable net assets acquired	1,249,167,364
Purchase consideration transferred	3,050,077,467
Merger reserve	(1,800,910,103)
Analysis of cash flows on acquisition:	
Net cash acquired on business combination	25,428,780
Cash paid	-
Net cash flow on acquisition (included in cash flows from investing activities)	25,428,780

4 REVENUES

	2023 AED	2022 AED
Catering services	328,540,384	389,708,938
Sale of cement	146,078,740	101,205,426
Facility management services	119,329,423	128,219,439
Contracting services	112,539,045	34,396,768
Sale of tents	17,000,000	166,768,844
	723,487,592	820,299,415

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2023 AED	2022 AED
Timing of revenue recognition		
Goods and services transferred at a point in time	514,896,836	520,934,339
Goods and services transferred over time	208,590,756	299,365,076
	723,487,592	820,299,415
Geographical location:		
Within United Arab Emirates	707,384,169	790,783,951
Outside United Arab Emirates	16,103,423	29,515,464
	723,487,592	820,299,415

5 COST OF SALES

	2023 AED	2022 AED
Food and beverage costs	180,254,249	185,790,985
Staff costs	136,103,561	99,112,691
Sale of cement	106,729,323	84,463,763
Contracting cost	77,101,030	28,727,412
Depreciation of property, plant and equipment (note 7)	31,124,446	22,489,746
Facility management expenses	26,869,225	12,377,077
Sale of tents	12,221,100	133,820,185
Repairs and maintenance costs	10,984,105	13,156,259
Utilities and rent expenses	8,363,646	11,427,332
Depreciation on right-of-use assets (note 18)	555,758	67,862
Amortization of intangible assets	41,378	110,853
Others	5,720,294	3,773,525
	596,068,115	595,317,690

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2023 *AED*	*2022* *AED*
Staff costs	**50,152,748**	36,376,085
(Reversal of) provision for expected credit loss on trade receivable and amount due from related parties, net (note 11 and 17)	**(11,103,330)**	12,263,634
Professional and consulting fees	**5,394,450**	7,410,884
Utilities and rent expenses	**3,530,017**	2,497,406
Repair and maintenance costs	**2,865,893**	1,425,613
Depreciation on property, plant and equipment (note 7)	**1,040,924**	540,921
Marketing and distribution expenses	**916,438**	1,890,556
Board of director's remuneration (note 17.3)	**1,448,985**	3,190,550
Others	**3,245,206**	2,006,131
	57,491,331	67,601,780

7 PROPERTY, PLANT AND EQUIPMENT

	Factory building and leasehold improvements AED	*Plant and machinery AED*	*Kitchen equipment AED*	*Tents and caravans AED*	*Furniture fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work in progress AED*	*Total AED*
2023								
Cost								
At 1 January 2023	35,176,464	834,049,386	10,916,120	31,888,356	15,675,129	15,511,240	1,227,706	944,444,401
Additions	3,461,414	495,790	8,544,721	4,789,135	6,282,699	3,227,825	235,568	27,037,152
Write-offs	-	-	-	-	-	-	(882,000)	(882,000)
Disposals	(5,393)	(137,485)	(29,000)	(155,490)	(15,586)	(857,694)	-	(1,200,648)
At 31 December 2023	**38,632,485**	**834,407,691**	**19,431,841**	**36,522,001**	**21,942,242**	**17,881,371**	**581,274**	**969,398,905**
Accumulated depreciation								
At 1 January 2023	22,877,159	533,524,454	3,752,770	9,075,414	12,968,026	6,998,252	-	589,196,075
Charge for the year	575,333	14,082,006	4,868,033	7,714,790	2,477,805	2,447,403	-	32,165,370
Relating to disposals	(5,393)	-	(4,250)	(59,373)	(8,465)	(738,529)	-	(816,010)
At 31 December 2023	**23,447,099**	**547,606,460**	**8,616,553**	**16,730,831**	**15,437,366**	**8,707,126**	**-**	**620,545,435**
Net carrying amount								
At 31 December 2023	**15,185,386**	**286,801,231**	**10,815,288**	**19,791,170**	**6,504,876**	**9,174,245**	**581,274**	**348,853,470**

7 PROPERTY, PLANT AND EQUIPMENT continued

	Factory building and leasehold improvements AED	*Plant and machinery AED*	*Kitchen equipment AED*	*Tents and caravans AED*	*Furniture fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work in progress AED*	*Total AED*
2022								
Cost								
At 1 January 2022	29,412,412	825,734,576	-	-	6,079,906	5,571,507	927,590	867,725,991
Acquired in business combination (note 3)	4,772,969	7,608,582	5,164,037	9,315,758	8,026,000	3,951,301	-	38,838,647
Additions	435,000	562,459	5,752,083	22,916,966	1,609,722	5,988,432	1,175,361	38,440,023
Transfers	556,083	243,778	-	-	-	-	(799,861)	-
Disposals	-	(100,009)	-	(344,368)	(40,499)	-	(75,384)	(560,260)
At 31 December 2022	35,176,464	834,049,386	10,916,120	31,888,356	15,675,129	15,511,240	1,227,706	944,444,401
Accumulated depreciation								
At 1 January 2022	17,677,038	512,608,634	-	-	5,948,131	3,980,944	-	540,214,747
Acquired in business combination (note 3)	4,672,841	7,000,353	1,447,267	5,302,142	6,207,196	1,482,113	-	26,111,912
Charge for the year	527,280	14,015,474	2,305,503	3,813,677	833,538	1,535,195	-	23,030,667
Relating to disposals	-	(100,007)	-	(40,405)	(20,839)	-	-	(161,251)
At 31 December 2022	22,877,159	533,524,454	3,752,770	9,075,414	12,968,026	6,998,252	-	589,196,075
Net carrying amount								
At 31 December 2022	12,299,305	300,524,932	7,163,350	22,812,942	2,707,103	8,512,988	1,227,706	355,248,326

7 PROPERTY AND EQUIPMENT continued

Depreciation charge for the year has been allocated as follows:

	2023 AED	2022 AED
Cost of sales (note 5)	31,124,446	22,489,746
General and administrative expenses (note 6)	1,040,924	540,921
	32,165,370	23,030,667

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

The Company has the following investments in equity-accounted investees:

Investees	Classification	Principal activities	Country of incorporation	Equity % 2023	Equity % 2022
Reem Ready Mix L.L.C	Associate	Engaged in business of manufacture and sale of concrete ready mic and providing concrete pumping services	UAE	20%	20%
Sky Go Transport of Goods LLC	Joint venture	Engaged in Air transportation for goods using unmanned aerial vehicles (Drones)	UAE	50%	50%
APHE Restaurants Management LLC	Joint venture	Engaged in Restaurants Management specializing in the food and beverages sector	UAE	50%	-

	2023 AED	2022 AED
Reem Ready Mix L.L.C	26,025,104	30,450,965
Sky Go Transport of Goods LLC	230,928	2,259,130
APHE Restaurants Management LLC*	12,548,926	-
	38,804,958	32,710,095

* During the year, APHE Restaurants Management LLC, a joint venture, was established as a result of agreement between HEDEF and Apex Commercial Investment – SPLLC. APHE Restaurants Management LLC is a limited liability company established in the Emirate of Abu Dhabi, UAE, specializing in the food and beverages sector. The business exclusively involves the sale of halal products and strictly excludes the sale of alcohol.

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

	2023 AED	2022 AED
Opening balance	32,710,095	35,534,098
Additional investment during the year	13,961,250	3,675,000
Share of loss for the year	(7,866,387)	(6,499,003)
	38,804,958	32,710,095

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

The summarised financial information of the associate (Reem Ready Mix L.L.C) as at 31 December 2023 and 2022 is as follows:

	2023 *AED*	*2022* *AED*
Current assets		
Cash and cash equivalents	**1,829,202**	1,826,478
Other current assets	**85,830,783**	116,130,870
	87,659,985	117,957,348
Non-current assets	**31,603,294**	43,009,020
Current liabilities:		
Financial liabilities (excluding trade payables)	**(15,705,513)**	(44,898,535)
Other current liabilities	**(75,304,553)**	(66,632,818)
	(91,010,066)	(111,531,353)
Non-current liabilities	**(3,683,252)**	(3,053,148)
Net assets	**24,569,961**	46,381,867
Group's share in net assets	**4,913,992**	9,276,374
Goodwill	**21,111,112**	21,174,591
Carrying amount	**26,025,104**	30,450,965
Total revenue	**128,676,610**	144,477,073
Net loss for the year	**(22,129,304)**	(25,415,667)
Share of associate's loss for the year	**(4,425,861)**	(5,083,133)
Share of contingent liabilities	**3,104,333**	6,888,369

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

The summarised financial information of the joint venture (Sky Go Transport of Goods LLC) as at 31 December 2023 is as follows:

	2023 *AED*	*2022* *AED*
Current assets		
Cash and cash equivalents	**1,488,100**	1,631,269
Other current assets	**13,739,724**	3,129,215
	15,227,824	4,760,484
Non-current assets	**71,334**	107,976
Current liabilities		
Financial liabilities (excluding trade payables)	**(5,924,914)**	-
Other current liabilities	**(8,912,389)**	(350,200)
	(14,837,303)	(350,200)
Non-current liabilities	**-**	-
Net assets	**461,855**	4,518,260
Group's share in net assets	**230,928**	2,259,130
Carrying amount	**230,928**	2,259,130
Total revenue	**118,100**	-
Net loss for the year	**(4,416,404)**	(2,831,740)
Share of venture's loss for the year	**(2,208,202)**	(1,415,870)

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEES continued

The summarised financial information of the joint venture (APHE Restaurants Management LLC) as at 31 December 2023 is as follows:

	2023 *AED*
Current assets	
Cash and cash equivalents	1,100,000
Other current assets	9,376,260
	10,476,260
Non-current assets	927,860
Current liabilities	
Financial liabilities (excluding trade payables)	-
Other current liabilities	(87,517)
	(87,517)
Non-current liabilities	-
Net assets	11,316,603
Group's share in net assets	5,658,302
Goodwill	6,890,624
Carrying amount	12,548,926
Total revenue	-
Net loss for the year	(2,464,647)
Share of venture's loss for the year	(1,232,324)

9 FINANCIAL ASSETS

	2023 *AED*	*2022* *AED*
Financial assets carried at FVTPL	**450,834,185**	587,147,884
Financial assets carried at FVTOCI	**144,322,521**	188,717,187
	595,156,706	775,865,071
Financial assets carried at FVTPL		
Quoted investments		
Opening balance	**587,147,884**	41,300,363
Additions – acquired under business combination (note 3)	**-**	508,498,999
Additions	**6,767,522**	12,871,249
Change in fair value	**(132,462,765)**	32,841,833
Gain on sale of investments carried at FVTPL	**3,029,396**	1,081,240
Disposals	**(13,647,852)**	(9,445,800)
Closing balance	**450,834,185**	587,147,884
Financial assets carried at FVTOCI		
Quoted and unquoted investments		
Opening balance	**188,717,187**	211,076,425
Change in fair value	**(44,394,666)**	(22,359,238)
Closing balance	**144,322,521**	188,717,187
Total quoted securities	**143,036,245**	183,648,821
Unquoted securities	**1,286,276**	5,068,366
	144,322,521	188,717,187

The geographical distribution of investments is as follows:

	2023 *AED*	*2022* *AED*
UAE	**595,156,706**	775,865,071

The investments are recorded at fair value using the valuation techniques as disclosed in note 22.

10 INVENTORIES

	2023 *AED*	*2022* *AED*
Work in progress	**20,155,360**	6,626,992
Raw materials	**19,339,208**	13,900,580
Consumable items	**6,535,151**	3,803,834
Finished goods	**3,538,380**	7,342,095
Spare parts – maintenance	**32,627,627**	31,094,959
Total	**82,195,726**	62,768,460
Less: allowance for slow-moving and obsolete inventories	**(5,975,334)**	(4,975,334)
Total	**76,220,392**	57,793,126

Movement in the allowance for slow-moving and obsolete inventories is as follows:

	2023 *AED*	*2022* *AED*
Opening balance	**4,975,334**	4,618,160
Acquired in business combination	**-**	357,174
Charge for the year	**1,000,000**	-
	5,975,334	4,975,334

11 TRADE AND OTHER RECEIVABLES

	2023 *AED*	*2022* *AED*
Trade receivables – from government entities	**140,830,748**	529,604,430
Trade receivables – from non-government entities	**66,800,845**	90,236,707
Unbilled receivables – from government entities	**57,931,111**	8,688,161
Unbilled receivables – from non-government entities	**18,641,120**	12,931,001
	284,203,824	641,460,299
Less: provision for expected credit losses	**(15,960,732)**	(31,914,486)
Trade receivables – net	**268,243,092**	609,545,813
Deposits	**17,239,543**	13,467,703
Prepayments	**9,156,195**	10,549,736
Accrued income	**7,934,286**	-
Retention receivables	**9,335,564**	-
Advances to suppliers	**7,584,143**	3,733,407
Other receivables (net)*	**13,332,548**	2,576,843
	332,825,371	639,873,502

* Other receivables (net) includes amount receivable from a supplier amounting to AED 1,921,305 (31 December 2022: AED 4,475,179) against which specific provision has been made by the Group.

11 TRADE AND OTHER RECEIVABLES continued

Trade receivable balance at the end of the year is due from multiple customers including receivable from 5 customers amounting to AED 285,825,824 (31 December 2022: AED 564,867,660) representing 86% (31 December 2022: 88%) of the trade receivables. Management considers these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Group.

The movement in the provision for expected credit losses for trade and unbilled receivables was as follows:

	2023 AED	2022 AED
Opening balance	31,914,486	13,048,846
Acquired in business combination	-	10,840,022
(Reversal) / charge for the year	(15,937,126)	10,438,295
Write off	(16,628)	(2,412,677)
Closing balance	15,960,732	31,914,486

	Total AED	Past due 0-90 days AED	90-180 days AED	180-270 days AED	270-360 days AED	More than 360 days AED
At 31 December 2023						
Expected credit loss rate		0.33%	0.33%	0.33%	0.33%	0.33%
Estimated total gross carrying amount at default – government trade and unbilled receivables	198,761,859	162,016,097	13,442,898	20,316,717	1,797,592	1,188,555
Expected credit loss	652,038	531,494	44,099	66,649	5,897	3,899
Expected credit loss rate		3.64%	13.28%	41.89%	89.46%	99.82%
Estimated total gross carrying amount at default – non-government trade and unbilled receivables	85,441,965	64,803,715	8,608,175	318,420	177,070	11,534,585
Expected credit loss	15,308,694	2,359,844	1,143,101	133,386	158,409	11,513,954
Expected credit loss rate		1.27%	5.38%	0.97%	8.32%	90.53%
Estimated total gross carrying amount at default – trade and unbilled receivables	284,203,824	226,819,812	22,051,073	20,635,137	1,974,662	12,723,140
Expected credit loss	15,960,732	2,891,338	1,187,200	200,035	164,306	11,517,853

	Total AED	Past due 0-90 days AED	91-180 days AED	181-270 days AED	271-360 days AED	More than 180 days AED
At 31 December 2022						
Expected credit loss rate		0.33%	0.33%	0.33%	0.33%	0.33%
Estimated total gross carrying amount at default – government trade and unbilled receivables	538,292,591	94,008,526	117,723,310	107,053,052	209,622,737	9,884,966
Expected credit loss	1,766,038	308,564	386,191	351,188	687,667	32,428
Expected credit loss rate		7.88%	34.72%	40.52%	17.77%	100.00%
Estimated total gross carrying amount at default – non-government trade and unbilled receivables	103,167,708	71,229,895	8,376,227	526,355	1,973,071	21,062,160
Expected credit loss	30,148,448	5,613,886	2,908,584	213,289	350,529	21,062,160
Expected credit loss rate		3.58%	2.61%	0.52%	0.49%	68.16%
Estimated total gross carrying amount at default – trade and unbilled receivables	641,460,299	165,238,421	126,099,537	107,579,407	211,595,808	30,947,126
Expected credit loss	31,914,486	5,922,450	3,294,775	564,477	1,038,196	21,094,588

12 CASH AND BANK BALANCES

	2023 *AED*	*2022* *AED*
Cash on hand	**1,691,476**	928,042
Bank balances:		
Current accounts	**301,089,793**	141,665,312
Term deposits	**10,290**	10,195
Fixed deposits with an original maturity of less than three months	**305,000,000**	-
Cash and bank balances	**607,791,559**	142,603,549
Less: Term deposits	**(10,290)**	(10,195)
Less: bank overdrafts (note 19)	**(21,604,585)**	(15,461,358)
Cash and cash equivalents	**586,176,684**	127,131,996

13 SHARE CAPITAL

	2023 *AED*	*2022* *AED*
Authorised, issued and fully paid		
3,553,195,467 ordinary shares of AED 1 each	**3,553,195,467**	3,553,195,467

During 2022, the Company issued 3,050,077,467 shares towards purchase consideration for the acquisition of a subsidiary and accordingly the issued share capital of the Company increased to 3,553,195,467 shares (note 3).

14 RESERVES

14.1 Statutory reserve

As required by the Decree Law No. (32) of 2021, a minimum of 5% of the profit for the year is to be allocated annually to a non-distributable statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital.

14.2 Voluntary reserve

The requirement to allocate additional 10% of the annual profit to the voluntary reserve has been eliminated on account of update in the articles of association of the Company during the year. Accordingly, this allocation is no longer mandatory and can be determined solely by the board of directors, or it may be suspended if the reserve balance reaches 20% of the Company's paid-up capital. The reserve remains available for use by the Company in accordance with the resolutions passed by the board of directors.

15 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

The details of movement in this item during the year are as follows:

	2023 *AED*	*2022* *AED*
Balance at 1 January	**5,620,240**	1,111,659
Acquisition of subsidiary (note 3)	**-**	2,426,506
Charge during the year	**4,040,203**	2,434,121
Paid during the year	**(1,561,438)**	(352,046)
	8,099,005	5,620,240

16 TRADE AND OTHER PAYABLES

	2023 *AED*	*2022* *AED*
Trade payables	**105,573,226**	115,209,624
Accruals	**50,235,069**	30,734,593
Retention payable	**12,853,751**	-
Dividends payable	**-**	3,951,326
Other payables*	**11,465,545**	9,188,483
	180,127,591	159,084,026

* This includes balance payable to APHE joint venture partner amounting to AED 5,433,297 as per the SHA agreement entered on 6 April 2023.

17 RELATED PARTY BALANCES AND TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard (IAS) 24 *Related Party Disclosures*. These represent transactions with related parties, i.e., shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

17.1 Balances

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

	2023 *AED*	*2022* *AED*
Amounts due from shareholders:		
Chimera Investments LLC	**-**	60,000
	-	60,000

17 RELATED PARTY BALANCES AND TRANSACTIONS continued

17.1 Balances continued

	2023 *AED*	*2022* *AED*
Amounts due from related parties:		
ATGC Transport & GC LLC-AR*	**75,541,519**	74,858,643
National Petroleum Construction Company (NPCC)	**30,242,653**	52,144,666
International Securities L.L.C.	**23,880,330**	-
Tamouh Healthcare LLC	**22,817,443**	91,725,550
Moon Flower Real Estate Development LLC	**16,240,556**	9,753,633
Construction Workers Residential City LLC	**6,352,582**	6,400,512
Al Ataa Investment LLC	**3,815,083**	-
Sky Go Transport of Goods LLC	**2,533,793**	-
Rafed Healthcare Supplies L.L.C.	**2,195,004**	-
National Marine Dredging Company PJSC (NMDC)	**778,999**	733,443
International Holding Company PJSC (IHC) (Standalone)	**623,526**	44,730
Shory Insurance Brokers – Sole Proprietorship LLC	**413,536**	342,232
Tamouh Healthcare Group LLC	**366,639**	-
Somerian Health LLC	**225,115**	67,312
Telal Resort LLC	**65,673**	49,468
Sanimed International Lab and Management LLC	**10,718**	-
National Health Insurance Company (Daman) PJSC – Standalone	**6,840**	-
Sirius International Holding Limited	**6,306**	-
Oxinus Holding Limited	**5,715**	-
Al Qudra Holding- International LLC	-	26,775
Al Seer Marine Supplies and Equipment Company PJSC	-	2,773
Abu Dhabi Health Services Company PJSC	-	1,422,124
Viola Communications LLC	-	186,311
Total amounts due from related parties	**186,122,030**	237,818,172
Less: provision for expected credit loss	**(9,699,398)**	(4,865,602)
	176,422,632	232,952,570

* This includes short term loans given by the Group for meeting the working capital requirements of ATGC Transport & General Contracting LLC-AR. These are interest free loans and are repayable in a single instalment on 8 April 2024.

The movement in provision for expected credit losses was as follows:

	2023 *AED*	*2022* *AED*
Opening balance	**4,865,602**	-
Acquisition of subsidiary	-	3,040,263
Net charge for the year	**4,833,796**	1,825,339
Closing balance	**9,699,398**	4,865,602

17 RELATED PARTY BALANCES AND TRANSACTIONS continued

17.1 Balances continued

	2023 AED	2022 AED
Amounts due to related parties:		
Zee Stores International LLC	**14,336,987**	16,446,095
N.R.T.C Dubai International Vegetables & Fruits Trading LLC	**13,625,981**	2,983,654
Malaih Investments LLC	**6,712,519**	-
Royal Horizon General Trading	**3,419,916**	185,168
Alliance Food Company LLC	**1,461,260**	1,047,607
Al Ain farms for Live Stock production	**1,342,473**	-
Newtec Investment General Trading SP LLC	**630,000**	-
PAL Cooling Holding LLC (PCH) (Standalone)	**495,703**	-
Abu Dhabi Vegetable Oil Company LLC	**23,415**	181,509
Mirak Royal Nature Fruits & Vegetables LLC	**-**	5,294,654
Al Jaraf Travel & Tourism	**-**	327,813
Newtec Investment General Trading SP LLC	**-**	690,000
Pal Technology Services	**-**	1,758,587
Ghitha Holding PJSC	**-**	69,075
Protect 7 Healthcare – Sole Proprietorship LLC	**-**	10,743
National Health Insurance Company (Daman) PJSC	**-**	351,542
	42,048,254	29,346,447

17.2 Transactions

During the year, the Group entered into the following transactions with related parties:

	2023 AED	2022 AED
Sales	**168,818,732**	251,938,617
Cost of sales	**141,831,588**	60,417,056

17.3 Key management remuneration

	2023 AED	2022 AED
Salaries and employee benefits	**8,465,252**	4,924,716
Employees end of service benefits	**144,573**	134,271
Board of director's remuneration (note 6)	**1,448,985**	3,190,550
Total	**10,058,810**	8,249,537

18 LEASES

Set out below, are the carrying amounts of the Group's right-of-use asset and lease liabilities and the movements during the period:

	Right-of-use assets AED	*Lease liabilities AED*
2023		
As at 1 January 2023	**16,666,737**	**1,540,978**
Depreciation expense	**(555,758)**	-
Interest expense	-	**118,279**
Payments during the year	-	**(67,500)**
As at 31 December 2023	**16,110,979**	**1,591,757**
2022		
As at 1 January 2022	-	-
Acquired through business combination (note 3)	162,323	129,644
Additions	16,672,712	1,672,712
Depreciation expense	(67,862)	-
Cancellation of lease during the year	(100,436)	(134,755)
Interest expense	-	8,377
Payments during the year	-	(135,000)
As at 31 December 2022	16,666,737	1,540,978

Lease liabilities is analysed in the consolidated statement of financial position as follows:

	2023 AED	*2022 AED*
Current	**17,467**	15,468
Non-current	**1,574,290**	1,525,510
	1,591,757	1,540,978

The following are the amounts suummarized in the consolidated statement of profit or loss as follows:

	2023 AED	*2022 AED*
Depreciation expense of right-of-use assets	**555,758**	67,862
Interest expense on lease liabilities	**118,279**	8,377
Total	**674,037**	76,239

19 SHORT TERM BORROWINGS

	2023 AED	2022 AED
Short term loans	-	1,158,655
Bank overdrafts (note 12)	21,604,585	15,461,358
	21,604,585	16,620,013

Movement of the short-term loans during the year was as follows:

	2023 AED	2022 AED
Opening balance	1,158,655	8,110,580
Paid during the year	(1,158,655)	(6,951,925)
Closing balance	-	1,158,655

Short term loans:
The Group obtained a term loan facility of AED 30,000,000 in 2017 to finance the construction of Waste Heat Recovery Plant at Ras Al Khaimah Factory. The loan was repayable in 48 equal monthly instalments. The loan carried an interest rate of 3 months EIBOR + 2.75% per annum, subject to a minimum of 4.25% per annum, which has been repaid during the year. The term loan is secured by:

- Pledge over Waste Heat Recovery Plant; and
- Assignment of comprehensive insurance policy on Waste Heat Recovery Plant.

Under the terms of the borrowing facilities, the Group is required to comply with the following financial covenants:

- Pledge over plant and machinery procured for Waste Heat Recovery plant project for AED 30 million in favour of the bank;
- Assignment of comprehensive insurance policy over plant and machinery for Waste Heat Recovery plant project for AED 30 million in favour of the bank and registration of such assignment with the security registry at the cost of the Group;
- The average Debt Service Coverage Ratio will not fall below 1.25:1 at any given point during the tenor of the loan;
- All assets of the Group are fully insured at all times during the tenor of the facility;
- The adjusted leverage ratio will be maintained at 1:1 or below at all times during the tenor of the loan.

Bank overdraft represents unsecured bank credit facilities from a financial institution in the United Arab Emirates up to a limit of AED 20 million. The facility bears interest at 3 months EIBOR + 2.75% per annum, subject to minimum of 4.5% per annum.

20 CONTINGENT LIABILITIES AND COMMITMENTS

	2023 AED	2022 AED
Bank guarantees	64,935,000	25,837,124

The above bank guarantees were issued in the normal course of business.

21 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share have been computed by dividing the (loss) profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2023 ***AED***	*2022* *AED*
(Loss) profit for the year (in AED)	**(58,433,109)**	187,194,349
Weighted average number of shares (share)	**3,553,195,467**	3,060,169,246
Basic (loss) earnings per share	**(0.016)**	0.061

Diluted (loss) earnings per share as of 31 December 2023 and 31 December 2022 are equivalent to basic (loss) earnings per share.

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of trade and other receivables, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income, amounts due from related parties, and cash and bank balances. Financial liabilities consist of trade and other payables, short term borrowings, lease liabilities and amounts due to related parties.

The fair values of the Group's financial instruments are not materially different from their carrying amounts at the reporting date.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table gives information about how the fair value of the Group's assets are determined.

Financial assets	***Fair value 2023 AED***	*Fair value 2022 AED*	*Fair value hierarchy*	*Valuation techniques*
Quoted equity investments – investment in financial assets	**593,870,430**	770,796,705	Level 1	Quoted bid prices in an active market
Un-Quoted equity instruments – investment in financial assets	**1,286,276**	5,068,366	Level 3	Discounted cashflow method using multiple unobservable inputs.

There were no transfers between each of the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative or risk management purposes.

The following section discusses the entity's risk management policies. The measurement of ECL under IFRS 9 uses the information and approaches that the entity uses to manage credit risk, though certain adjustments are made in order to comply with the requirements of IFRS 9.

During the year ended 31 December 2023, the Group was not exposed to any significant financial risk, other than credit risk, interest rate risk and liquidity risk. The Group reviews and agrees policies for managing each of these risks and these policies are summarized below:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group has adopted a policy of only dealing with creditworthy counter parties, however, significant revenue is generated by dealing with high profile well known customers, for whom the credit risk is assessed to be low.

The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the UAE Central Bank.

Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group 's performance to developments affecting a particular industry or geographic location. All balances with banks are with commercial banks in the United Arab Emirates.

The amount that best represents maximum credit risk exposure on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Balances with banks are not secured by any collateral.

Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn.

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Group 's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and funding from related parties, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

23 FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December 2023 and 31 December 2022, based on contractual payment dates and current market interest rates.

	Less than 3 months AED	*From 3 months to one year AED*	*over 1 year AED*	*Total AED*
As at 31 December 2023				
Short term borrowings	**21,604,585**	**-**	**-**	**21,604,585**
Due to related parties	**42,048,254**	**-**	**-**	**42,048,254**
Trade and other payables	**105,573,226**	**24,319,296**	**-**	**129,892,522**
Lease liabilities	**-**	**17,797**	**1,692,645**	**1,710,442**
	169,226,065	**24,337,093**	**1,692,645**	**195,255,803**
As at 31 December 2022				
Short term borrowings	15,461,358	1,162,532	-	16,623,890
Due to related parties	29,346,447	-	-	29,346,447
Trade and other payables	115,209,624	13,139,809	-	128,349,433
Lease liabilities	-	135,000	3,915,000	4,050,000
	160,017,429	14,437,341	3,915,000	178,369,770

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. The Group is exposed to interest rate risk resultant from its short term borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for borrowings at the reporting date. The analysis is prepared assuming that these amounts outstanding at the reporting date were outstanding throughout the period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables held constant, the Group's (loss) profit for the year ended 31 December 2023 would increase/decrease by AED 216,046 (31 December 2022: 166,200). There is no direct impact on the Group's equity.

Currency risk

Foreign currency risk comprises of transaction and statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirhams. Statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirhams, as a result of currency movements. The Group is not exposed to currency risk as the majority of its transactions are denominated in UAE Dirhams or United States Dollars which is pegged to the UAE Dirham.

Capital risk management

The Group manages its capital to ensure that it is able to continue as a going concern while maximising the return on stakeholders through the optimisation of the debts and equity balance.

The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Group 's capital structure during the period comprises share capital, merger reserve, (accumulated losses) retained earnings, reserve for cumulative changes in revaluation of financial assets, statutory reserve and voluntary reserve and is measured at AED 1,945,628,146 (2022: AED 2,048,455,921).

24 SEGMENT INFORMATION

For operating purposes, the Group organised into business segments as follows:

Catering	:	Offers catering services to public and private organizations in UAE.
Facility management Services	:	Offers a range of facilities management services with customized solutions to various businesses across a variety of sectors.
Manufacturing	:	Engaged in the manufacturing and distribution of clinker and cements across UAE and internationally.
Contracting	:	Provides tents, shades and mobile halls to customers, building field hospitals and offers a wide range of services including planning, design consultancy and delivery of high end interiors.
Investments	:	Is the investment arm of the group and incubates new businesses and technologies as well as manages the proprietary capital of the group.
Others	:	(unallocated) includes head office expenses and income not allocated to any segment.

31 December 2023

	Catering AED	*Facility management services AED*	*Manufacturing AED*	*Contracting AED*	*Investments AED*	*Others AED*	*Inter segment eliminations AED*	*Group AED*
Revenue	395,630,072	125,450,583	146,078,740	129,608,511	198,721	2,510,962	(75,989,997)	723,487,592
Cost of sales	(348,183,727)	(87,579,778)	(138,465,434)	(97,829,173)	-	-	75,989,997	(596,068,115)
Gross profit	47,446,345	37,870,805	7,613,306	31,779,338	198,721	2,510,962	-	127,419,477
General and administrative expenses	(10,583,361)	(10,649,449)	(3,176,249)	(7,793,944)	(935,229)	(24,353,099)	-	(57,491,331)
Share of loss from equity accounted investees	-	-	-	-	(7,866,387)	-	-	(7,866,387)
Net loss from financial assets at FVTPL	-	-	-	-	(129,433,369)	-	-	(129,433,369)
Dividend income	-	-	-	-	939,559	-	-	939,559
Other income	6,768,356	2,119,141	255,581	767,635	-	1,562	-	9,912,275
Finance costs	(551,349)	(399,145)	(924,698)	(32,870)	(1,315)	(3,956)	-	(1,913,333)
Profit (loss) for the year	43,079,991	28,941,352	3,767,940	24,720,159	(137,098,020)	(21,844,531)	-	(58,433,109)

31 December 2023

Segment assets	1,032,222,868	228,166,759	412,020,099	371,568,380	4,191,036,326	14,354,509	(4,050,269,603)	2,199,099,338
Segment liabilities	175,003,799	49,631,922	92,867,120	194,488,483	185,978,693	172,281,215	(616,780,040)	253,471,192

31 December 2022

	Catering AED	*Facility management services AED*	*Manufacturing AED*	*Contracting AED*	*Investments AED*	*Others AED*	*Inter segment eliminations AED*	*Group AED*
Revenue	390,144,437	151,484,039	101,205,426	201,165,612	-	-	(23,700,099)	820,299,415
Cost of sales	(241,438,619)	(86,934,151)	(123,391,750)	(167,241,269)	(12,000)	-	23,700,099	(595,317,690)
Gross profit (loss)	148,705,818	64,549,888	(22,186,324)	33,924,343	(12,000)	-	-	224,981,725
General and administrative expenses	(12,749,957)	(7,320,984)	(19,965,131)	(8,300,652)	(1,885,925)	(17,379,131)	-	(67,601,780)
Share of loss from equity accounted investees	-	-	-	-	(6,499,003)	-	-	(6,499,003)
Net gain from financial assets at FVTPL	-	-	-	-	33,923,073	-	-	33,923,073
Dividend income	-	-	-	-	783,537	-	-	783,537
Other income	-	1,544,418	1,444,636	23,581	-	-	-	3,012,635
Finance costs	(225,436)	(82,807)	(1,077,575)	(18,135)	(768)	(1,117)	-	(1,405,838)
Profit for the year	135,730,425	58,690,515	(41,784,394)	25,629,137	26,308,914	(17,380,248)	-	187,194,349

31 December 2022

Segment assets	966,977,775	204,184,980	389,721,050	365,442,006	4,340,135,335	7,601,483	(4,013,395,004)	2,260,667,625
Segment liabilities	152,557,044	54,230,626	74,332,311	214,065,978	176,623,819	120,462,804	(580,060,878)	212,211,704