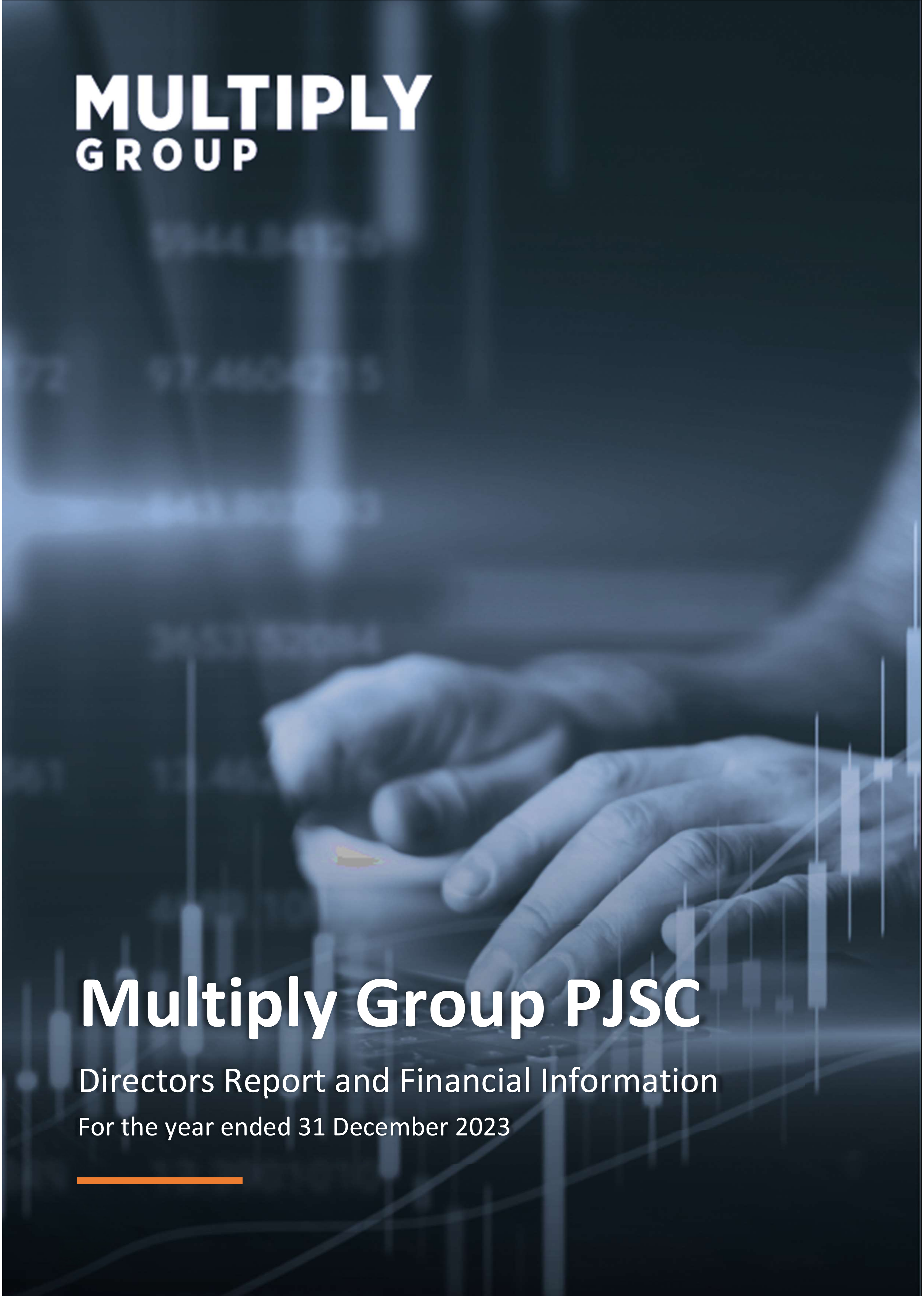

MULTIPLY GROUP

Multiply Group PJSC

Directors Report and Financial Information

For the year ended 31 December 2023

MULTIPLY
GROUP

Dear Shareholders,

On behalf of the Board of Directors ("the Board"), I am pleased to present our consolidated financial statements of Multiply Group PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 December 2023.

Financial performance

Multiply Group reported full year 2023 revenue of AED 1.29 billion (2022: AED 1.13 billion). This translates into an increase of 15% year-on-year reflecting the strength of our vertical building dual strategy of organic growth and acquisitions. 2023 Gross profit of AED 663 million (2022: AED 569 million) imply improved blended margin on enhanced profitability across core verticals.

Reported Group net profit stood at AED 552 million (2022: AED 18.6 billion). Net profit excluding fair value changes in investment portfolio more than doubled year-on-year to AED 1.1 billion (2022: AED 468 million) driven by strong vertical performance and increased share of profit from Kalyon joint venture.

Investment and other income of AED 407 million (2022: AED 18,396 million) included AED 562 million unrealized fair value losses on this year's market volatility backdrop (2022: AED 18.1 billion fair value gains).

The Group's total expenses (Direct expenses and general and administrative expenses) for the year were AED 933 million (2022: AED 794 million).

Earnings per share for year ended 31 December 2023 was AED 0.03 (2022: AED 1.65) largely impacted by unrealized fair value changes in investment portfolio.

The Group's consolidated statement of financial position remains robust with total assets of AED 42.2 billion (2022: AED 41.2 billion). Cash balance stands at AED 1.56 billion (2022: AED 1.03 billion) after realizing net operating cash flow of AED 997 million during the year (2022: AED 857 million).

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the annual audited consolidated financial statements for the full year ended 31 December 2023.

Transactions with related parties

The consolidated financial statements disclose related party transactions and balances in note 19. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

MULTIPLY
GROUP

Disclaimer

To the best of our knowledge, the financial information fairly presents in all material respects, the financial condition, results of its operations and cash flows of the Group for the years presented in this report.

Auditors

Ernst & Young were appointed as external auditors for the Group for the year ended 31 December 2023. Ernst & Young expressed their willingness to continue their role for the next year 2024.

On behalf of the Board of Directors

Samia Bouazza
Chief Executive Officer
06 February 2024

Multiply Group PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Ernst & Young Middle East
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MULTIPLY GROUP PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Multiply Group PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other 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 acounting 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 its 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MULTIPLY GROUP PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

a) 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 decentralised 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 1,293,883 thousand (2022: AED 1,125,509 thousand) (note 25).

As applicable, 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 performed or involved component auditors to perform substantive audit procedures which included substantive analytical procedures at the Group, and subsidiary level and performed testing on samples of transactions around the year end, to assess whether revenues were recognised in the correct accounting period, and through out the year, to assess whether revenue was properly recognised.

We have assessed the adequacy of disclosure in line with the requirements of the IFRSs.

b) Impairment assessment of goodwill
The Group has recognized goodwill amounting to AED 434 million arising from acquisition of its subsidiaries operating in multiple segments (2022: AED 230 million) (note 9).

Management carries out impairment assessments of goodwill annually. Goodwill impairment testing is considered a key audit area given the significant estimates and assumptions involved in determining the value in use of the repsective cash generating units. Assumptions used relate to future cash flows, revenue growth rates, expected inflation rates and discount rates.

As part of our audit procedures for cash generating units with material goodwill, we tested, together with our valuation specialists, the methodologies and inputs used by the Group in the discounted cash flow models as well as the assumptions relating to the growth rates, inflation rates and discount rates, as applicable. We have analyzed the sensitivity of available headroom in the respective CGUs to changes in certain assumptions. We have also compared actual performance of cash generating units to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates.

We have assessed the adequacy of disclosure in line with the requirements of the IFRSs.

c) Business combinations within the scope of IFRS 3
During the year, the Group acquired control over the entities disclosed in note 6.2 which were determined to be business combinations as defined by IFRS 3. External valuation specialists were engaged by the Group to perform the purchase price allocation exercise, and fair valuation and identification of acquired assets and liabilities. The acquisition of businesses is a key audit matter as these are significant transactions during the year which require significant judgement and estimation regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired assets / businesses with those of the Group.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MULTIPLY GROUP PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

c) Business combinations within the scope of IFRS 3 continued

We performed, or involved component auditors to perform, the following procedures:

- Reviewed the share purchase agreements and ownership structures before and after the acquisitions to assess if the acquisitions fulfilled the requirements of business combination under IFRS 3;

- Obtained the purchase price allocation reports for material acquisitions prepared by the external valuers engaged by the Group, as applicable;

- Invovled our, or the components auditor's, internal valuation specialists in revieweing the reports. The review included discussions with management and consideration of the reasonableness of the key assumptiosn and valuations in line with our expectations;

- Assessed the inpendance, qualification and expertise of extenral valuation specialists engaged by the Group; and

- Assessed the adquacy of dislcosures in line with the requirements of the IFRSs.

Other information
Other information consists of the information included in the Directors' report other than the consolidated financial statements and our auditor's report thereon.We obtained the 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 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 Articles of Association of the Company 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 are responsible for overseeing the Group's financial reporting process.

Report on the Audit of the Consolidated Financial Statements continued

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

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

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

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

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

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

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

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

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

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

Building a better
working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

MULTIPLY GROUP PJSC 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) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

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

iii) the Group has maintained proper books of account;

iv) the consolidated financial statements included in the Directors' report is consistent with the books of account and records of the Group;

v) investments in shares and stocks are included in notes 11, 12, and 13 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2023;

vi) note 19 reflects the disclosures relating to 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 Company has contravened, during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 (as amended) or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and

viii) during the year, the Group made no social contributions.

Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

6 February 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	***2023 AED'000***	*2022 AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,456,955**	1,405,865
Investment property	8	**121,410**	126,546
Intangible assets and goodwill	9	**800,314**	465,362
Right-of-use assets	10	**128,929**	104,423
Investment in a joint venture	11	**2,065,268**	1,838,425
Non-current receivables	14	**1,236,517**	1,647,558
Loan to related parties	19	**616,505**	-
Investments carried at fair value through profit or loss	13	**17,213,115**	22,491,803
Investments carried at fair value through other comprehensive income	12	**446,986**	45,045
		24,085,999	28,125,027
Current assets			
Inventories	15	**32,727**	24,304
Investments carried at fair value through profit or loss	13	**15,763,589**	11,440,768
Trade and other receivables	14	**664,862**	526,128
Due from related parties	19	**54,195**	56,514
Cash and bank balances	16	**1,557,277**	1,033,141
		18,072,650	13,080,855
TOTAL ASSETS		**42,158,649**	41,205,882
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**2,800,000**	2,800,000
Share premium	17	**6,703,610**	6,703,610
Statutory reserve	18	**1,400,000**	1,400,000
Hedging reserve		**(1,372)**	-
Cumulative changes on revaluation of investments		**12,875**	(21,491)
Merger, acquisition and other reserves		**383,553**	378,679
Retained earnings		**17,610,165**	17,266,690
Equity attributable to owner's of the Company		**28,908,831**	28,527,488
Non-controlling interests	20	**1,277,745**	853,219
Total equity		**30,186,576**	29,380,707
Non-current liabilities			
Employees' end of service benefit	21	**53,220**	44,647
Borrowings	22	**8,208,999**	8,102,301
Deferred tax liabilities	23	**42,903**	-
Loan from related parties	19	**20,497**	29,707
Lease liabilities	10	**99,376**	70,300
Other payables	24	**1,149,959**	1,540,153
		9,574,954	9,787,108
Current liabilities			
Loan from related parties	19	**17,965**	43,911
Borrowings	22	**1,381,143**	361,037
Lease liabilities	10	**34,861**	36,562
Due to related parties	19	**160,502**	960,763
Trade and other payable	24	**802,648**	635,794
		2,397,119	2,038,067
Total liabilities		**11,972,073**	11,825,175
TOTAL EQUITY AND LIABILITIES		**42,158,649**	41,205,882

CHAIRMAN CHIEF EXECUTIVE OFFICER GROUP FINANCE DIRECTOR

The attached notes 1 to 34 form part of these consolidated financial statements.

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

	Notes	***2023*** ***AED'000***	*2022* *AED'000*
Revenue	25	**1,293,883**	1,125,509
Cost of revenue	26	**(630,486)**	(556,351)
GROSS PROFIT		**663,397**	569,158
Investment and other income	28	**407,329**	18,395,968
Share of profit (loss) from investment in a joint venture	11	**228,558**	(14,533)
General and administrative expenses	27	**(302,772)**	(237,564)
Finance cost	22	**(415,637)**	(150,081)
PROFIT FOR THE YEAR BEFORE TAX		**580,875**	18,562,948
Income tax expense	23	**(28,887)**	-
PROFIT AFTER TAX		**551,988**	18,562,948
Attributable to:			
Owners of the Company		**337,800**	18,425,295
Non-controlling interests		**214,188**	137,653
		551,988	18,562,948
Basic earnings per share (AED)	29	**0.03**	1.65

The attached notes 1 to 34 form part of these consolidated financial statements.

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

	Note	***2023 AED'000***	*2022 AED'000*
Profit for the year		**551,988**	18,562,948
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive loss of a joint venture	11	**(1,715)**	-
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:			
Change in the fair value of financial assets carried at fair value through other comprehensive income	12	**40,266**	(23,858)
Total other comprehensive income (loss)		**38,551**	(23,858)
Total comprehensive income for the year		**590,539**	18,539,090
Attributable to:			
Owners of the Company		**376,469**	18,402,420
Non-controlling interests		**214,070**	136,670
		590,539	18,539,090

The attached notes 1 to 34 form part of these consolidated financial statements.

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

		Attributable to equity holders of the Company								
	Share capital AED'000	*Share premium AED'000*	*Statutory reserve AED'000*	*Cumulative changes in fair value of investments AED'000*	*Hedging reserve AED'000*	*Merger, acquisition and other reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*	*Non controlling-interests AED'000*	*Total equity AED'000*
Balance at 1 January 2022	2,800,000	6,703,610	18,642	1,384	-	375,353	251,512	10,150,501	575,529	10,726,030
Profit for the year	-	-	-	-	-	-	18,425,295	18,425,295	137,653	18,562,948
Other comprehensive income for the year	-	-	-	(22,875)	-	-	-	(22,875)	(983)	(23,858)
Total comprehensive income for the year	-	-	-	(22,875)	-	-	18,425,295	18,402,420	136,670	18,539,090
Transfer to statutory reserve	-	-	1,381,358	-	-	-	(1,381,358)	-	-	-
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	189,196	189,196
Business combination of entities under common control (note 6.1)	-	-	-	-	-	240	-	240	60	300
Other equity movement	-	-	-	-	-	2,961	(28,759)	(25,798)	(3,763)	(29,561)
Disposal of partial interest in a subsidiary (note 6.3)	-	-	-	-	-	125	-	125	(125)	-
Dividends to non-controlling interest (note 31)	-	-	-	-	-	-	-	-	(44,348)	(44,348)
Balance at 31 December 2022	2,800,000	6,703,610	1,400,000	(21,491)	-	378,679	17,266,690	28,527,488	853,219	29,380,707
Balance at 1 January 2023	2,800,000	6,703,610	1,400,000	(21,491)	-	378,679	17,266,690	28,527,488	853,219	29,380,707
Profit for the year	-	-	-	-	-	-	337,800	337,800	214,188	551,988
Other comprehensive income for the year	-	-	-	40,041	(1,372)	-	-	38,669	(118)	38,551
Total comprehensive income for the year	-	-	-	40,041	(1,372)	-	337,800	376,469	214,070	590,539
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	72,529	72,529
Capital contributed by non-controlling interest	-	-	-	-	-	-	-	-	184,609	184,609
Transferred to investment in subsidiaries	-	-	-	(5,675)	-	-	5,675	-	-	-
Disposal of partial interest in a subsidiary (note 6.2 (a))	-	-	-	-	-	4,874	-	4,874	-	4,874
Dividends to non-controlling interest (note 31)	-	-	-	-	-	-	-	-	(46,682)	(46,682)
Balance at 31 December 2023	**2,800,000**	**6,703,610**	**1,400,000**	**12,875**	**(1,372)**	**383,553**	**17,610,165**	**28,908,831**	**1,277,745**	**30,186,576**

The attached notes 1 to 34 form part of these consolidated financial statements.

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

	Notes	*2023* *AED'000*	*2022* *AED'000*
OPERATING ACTIVITIES			
Profit for the year		**580,875**	18,562,948
Adjustments for:			
Depreciation of property, plant and equipment	7	**76,176**	67,913
Depreciation of right-of-use assets	10	**38,811**	31,307
Depreciation of investment property	8	**5,136**	5,136
Amortisation of intangible assets	9	**30,234**	20,895
Share of loss (profit) from investment in associate	11	**(228,558)**	14,533
Change in fair value of investments carried at fair value through profit or loss	13	**561,587**	(18,095,400)
Gain on disposal of property, plant and equipment	28	**(706)**	(1,133)
Provision for employees' end of service benefit	21	**12,501**	10,887
Finance costs	22	**415,637**	150,081
Interest and dividend income	28	**(570,713)**	(113,454)
Allowance for slow moving inventories	15	**1,061**	690
Amortisation of deferred income	28	**(387,061)**	(116,647)
Unwinding of discount on non-current receivable	28	**(146,225)**	(47,808)
Loss on reassessment of non-current receivable	28	**169,616**	-
(Reversal of) allowance for expected credit losses	14	**(15,412)**	14,367
Operating cash flows before working capital changes		**542,959**	504,315
Working capital changes:			
Inventories		**(5,940)**	(4,443)
Due from related parties		**2,902**	287,050
Trade and other receivables		**337,536**	(1,932,982)
Due to related parties		**116,128**	11,682
Trade and other payables		**44,446**	2,001,603
Cash from operations		**1,038,031**	867,225
Finance costs paid		**(35,425)**	(6,417)
Employees' end of service benefit paid	21	**(5,982)**	(3,653)
Net cash from operating activities		**996,624**	857,155
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(114,594)**	(207,911)
Term deposits with original maturities of more than three months		**(241,324)**	(100,000)
Purchase of intangible assets	9	**(5,748)**	(838)
Proceeds from sale of property, plant and equipment		**1,356**	2,016
Purchase of investments carried at fair value through profit or loss	13	**(57,603)**	(11,185,397)
Purchase of investment carried at fair value through other comprehensive income	12	**(374,700)**	-
Purchase of investment in a joint venture	11	**-**	(932,371)
Proceeds from disposal of investments carried at fair value through profit or loss		**451,883**	781,630
Payment due on acquisition of investment in a joint venture		**(921,203)**	-
Finance cost paid		**(240,223)**	-
Loan to a related party		**(616,505)**	-
Interest and dividend received		**554,871**	113,454
Cash paid through acquisition of a subsidiary	6.2	**(191,307)**	(7,200)
Net cash used in investing activities		**(1,755,097)**	(11,536,617)
FINANCING ACTIVITIES			
Net proceeds from borrowings		**947,488**	7,962,119
Repayment of lease liabilities	10	**(44,130)**	(36,690)
Dividend paid	31	**(46,682)**	(44,348)
Capital contribution by non-controlling interest		**184,609**	189,196
Net cash from financing activities		**1,041,285**	8,070,277
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**282,812**	(2,609,185)
Cash and cash equivalents at beginning of the year		**833,141**	3,442,326
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	**1,115,953**	833,141

The attached notes 1 to 34 form part of these consolidated financial statements.

1 GENERAL INFORMATION

Multiply Group PJSC (the "Company") is a public joint stock company registered under the UAE Federal Law No. (32) of 2021. The registered office of the Company is P.O Box 34491, Abu Dhabi, United Arab Emirates.

On 27 October 2021, the shareholders resolved to change the legal form of the Company from a limited liability company to a public joint stock company and to increase the share capital of the Company to AED 2,800,000,000. On 5 December 2021, the Company listed its ordinary shares on the main market of the Abu Dhabi Securities Exchange ("ADX").

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent Company.

These consolidated financial statements include the results of operations and financial position of the Company and it's subsidiaries (together referred to as the "Group"). The main activities of the Group are:

- Advertisement design and production;
- Economic feasibility consultancy and studies;
- Exhibition organisation and management;
- Public relationship consultancy;
- Organisation and event management and newspaper advertisement;
- Management and development of motor vehicles driving training;
- Manage investments properties;
- Installation of district cooling and air conditioning;
- Repair of district cooling;
- Investment in infrastructure projects;
- Wholesale of cosmetics and make-up trading;
- Women and men personal care and other grooming related services;
- Physiotherapy center; and
- Physical medicine and rehabilitation center.

The consolidated financial statements for the year ended 31 December 2023 were approved and authorised for issuance on 06 February 2024 .

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of laws of the United Arab Emirates.

Basis for measurement
The consolidated financial statements have been prepared on historical cost basis, except for investments carried at fair value through other comprehensive income and investments carried at fair value through profit or loss which are stated at fair value.

Functional and presentation currency
The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is the functional and presentation currency of the Group. All the values are rounded to the nearest thousand (AED '000) except where otherwise indicated.

2.2 BASIS FOR CONSOLIDATION

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

Control is achieved when the Group is expose or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its return

When the Group has less than a majority of the voting or similar right of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Non-controlling interest represent the portion of profit or loss and net assets of subsidiaries not owned directly or indirectly by the Parent Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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, the cost on initial recognition of an investment in an associate or a joint venture.

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.

2.2 BASIS FOR CONSOLIDATION continued

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

Name of subsidiary	*Place of Incorporation*	*Principal activities*	*Proportion of ownership interest and voting power held* 2023	2022
Multiply Companies Management Sole proprietorship LLC	United Arab Emirates	Management services of companies and private institutions	**100%**	100%
MG Communications LLC	United Arab Emirates	Establishing, investing and managing technology projects	**100%**	100%
MG Wellness Holding LLC	United Arab Emirates	Investment, institute and management of health services enterprises	**100%**	100%
MG Digital Holding LLC	United Arab Emirates	Establishing, investing and managing technology projects	**100%**	100%
MG Utilities Holding LLC	United Arab Emirates	Establishing, investing and managing infrastructure projects	**100%**	100%
MG Ventures Holding LLC	United Arab Emirates	Establishing, investing and managing commercial projects	**100%**	100%
MG Entertainment Holding LLC	United Arab Emirates	Entertainment enterprises investment, institution and management	**100%**	-
Multiply Group International Limited (i)	United Arab Emirates	Holding company	**100%**	-
Below are the subsidiaries of MG Communications Holding LLC:				
Viola Communications LLC	United Arab Emirates	Communication, marketing, media and events	**100%**	100%
24 7 Media Holding LLC (ii)	United Arab Emirates	Investment holding company	**60%**	-
Below are the subsidiaries of Viola Communication LLC:				
Purple Printing LLC	United Arab Emirates	Commercial publication printing	**100%**	100%
Purple Exhibition LLC	United Arab Emirates	Commercial publication printing	**100%**	100%
Below are the subsidiaries of 24 7 Media Holding LLC:				
24 7 Media LLC	United Arab Emirates	Advertising billboards contracting	**100%**	100%
Meida 20-4 Seven DMCC	United Arab Emirates	Public relation management, media studies, consultancies advertising, consultancies services and events management	**100%**	100%
Below are the subsidiaries of MG Wellness Holding LLC:				
Omorfia Group LLC	United Arab Emirates	Women and men personal care and other grooming related services, including procuring beauty products and equipment	**51%**	51%
LVL Technology Holding *(formerly "Switch Technology Holding")* (ii) *	Cayman Islands	Operation of a wellbeing streaming service and marketplace via an online platform and in physical studios	**49.38%**	-
Below are the subsidiaries of Omorfia Group LLC:				
Bedashing Holding Company LLC	United Arab Emirates	Wholesale cosmetic and make-up trading women personal care and other grooming related services	**100%**	100%
Tips & Toes Beauty And Spa Centre L.L.C	United Arab Emirates	Ladies' cosmetic and personal care centre, women salon, ladies oriental bath and ladies spa club	**100%**	100%
Jazz Lounge Spa LLC	United Arab Emirates	Men oriental bath, gents cosmetic and personal care centre, hair fixing centre, perfumes and cosmetic trading, gents haircutting and hairdressing salon	**100%**	100%
Ben Suhail Distribution L.L.C	United Arab Emirates	Perfumes and cosmetic trading, beauty and personal care equipment trading, imitation jewellery trading, soap and hair care products trading	**100%**	100%
Omorfia Institute of Beauty and Wellness Women Beauty Saloon Works Training - Sole Proprietorship LLC *(formerly Nippers & Scissors training Centre - Sole Proprietorship LLC)*	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services	**100%**	100%
Bedashing Beauty Lounge - Sole proprietorship LLC	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services	**100%**	100%
Bedashing Beauty Lounge International Limited	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services	**100%**	100%
Fisio Theraphy and Rehabilitation LLC (ii)	United Arab Emirates	Physical medicine and rehabilitation center and physiotherapy center	**100%**	-
Juice Lounge SPA and Beauty Center LLC (ii)	United Arab Emirates	Woman salon, ladies oriental bath, ladies health club, ladies massage & relaxation center	**100%**	-
Juice SPA Salon (ii)	United Arab Emirates	Ladies health club, ladies oriental bath, ladies cosmetic & personal care center	**100%**	-
Jamm Salon Supplies (ii)	United Arab Emirates	Ladies cosmetic & personal care center, women salon, hair fixing center, and henna saloon	**100%**	-
The Juice Beauty Salon LLC (ii)	United Arab Emirates	Perfumes & cosmetics trading, ladies oriental bath, ladies health club, women salon, soap & hair care products trading, ladies massage & relaxation center	**100%**	-

2.2 BASIS FOR CONSOLIDATION continued

Name of subsidiary	*Place of Incorporation*	*Principal activities*	*Proportion of ownership interest and voting power held* 2023	2022
Below are the subsidiaries of Omorfia Group LLC (continued):				
Acumen International Ltd. (ii)	United Arab Emirates	Gents cosmetic & personal care, gents haircutting & hairdressing salon, ladies cosmetic & personal care, ladies haircutting & hair dressing, ladies spa club	**100%**	-
Atelier Hommage Mens Salon LLC (ii)	United Arab Emirates	Men oriental bath, gents haircutting & hairdressing salon, gents health club, gents massage & relaxation center	**100%**	-
Below is the subsidiary of LVL Technology Holding:				
HealthierU Wellness Services L.L.C (iii)	United Arab Emirates	Health enterprise investment, institution and management.	**100%**	100%
Below is the subsidiary of MG Digital Holding LLC:				
PAL Cooling Holding LLC	United Arab Emirates	District cooling and air conditioning	**100%**	100%
Below are the subsidiaries of PAL Cooling Holding LLC:				
PAL Cooling Services LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL First Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL Danat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL Saraya Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL Najmat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
PAL 4 Reem Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investments in infrastructure projects	**100%**	100%
PAL 4 Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects	**100%**	100%
Below is the subsidiary of MG Utilities Holding LLC:				
PAL 4 Solar Energy LLC	United Arab Emirates	Installation and maintenance of alternative energy equipment.	**80%**	80%
Below are the subsidiaries of PAL 4 Solar Energy LLC:				
International Energy Holding LLC	United Arab Emirates	Commercial enterprises, investment, institution and management, power enterprise investment and industrial enterprise investment.	**100%**	100%
Below are the subsidiaries of MG Ventures Holding LLC:				
Emirates Driving Company PJSC*	United Arab Emirates	Drivers training and road safety education	**48.01%**	48.01%
Spranza Commercial Investment - Sole Proprietorship LLC	United Arab Emirates	Establishing, investing and managing commercial projects	**100%**	100%
Norm Commercial Investment – Sole Proprietorship LLC	United Arab Emirates	Investing company	**100%**	100%
Below is the subsidiary of Emirates Driving Company PJSC:				
Tabieah Property Investments - Sole Proprietorship LLC	United Arab Emirates	Manage Investment Properties	**100%**	100%

(i) Subsidiary incorporated during the period
(ii) Subsidiaries acquired during the period
(iii) Subsidiary partially disposed during the period

* Subsidiaries consolidated based on de facto control/ contractual arrangement.

2.3 CHANGES IN ACCOUNTING POLICIES

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 material impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Making Materiality Judgments – Disclosure of Accounting Policies
The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

UAE corporate income 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 Company and its UAE based subsidiaries with effect from 1 January 2024. The Ministry of Finance 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. Deferred tax liability has been recorded which amounted to AED 42,903 thousand (note 23) as at 31 December 2023.

No other potential deferred tax assets or liabilities have been identified as at the reported date.

3 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.

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.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Business combinations and goodwill continued
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 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.

Disposals of interest in a subsidiary to an equity accounted investee
Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee is eliminated to the extent of the retained indirect interest in that disposed entity by the Group.

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 transferor entity. The components of the equity of the acquired entities are added to the merger reserve. Any transaction costs paid for the acquisition are recognised directly in equity.

Investment in associates and joint ventures
An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Investment in associates and joint ventures continued
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The results and assets and liabilities of the associates or 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.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or 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 associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

The financial statements of the associate or 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 associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or 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 associate or joint venture and its carrying value, and then recognises the loss within "share of loss from investment in associate and joint venture" in the consolidated statement of profit or loss.

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

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

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.

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.

Media and marketing services:
The Group provides advertising, public relations, production, events management, media and outdoor advertising. Revenue from providing such services is recognised overtime in the accounting period in which the services are rendered or when the event is held at point in time.

District cooling services:
Revenue from services
Revenue from providing district cooling services in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when pervasive evidence exists, usually in the form of an executed sales agreement, the significant risks and rewards of ownership have been transferred to the customer and the service has been rendered to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the service, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Connection fees
Connection fees are recognised on a straight-line basis over the term of the respective customer contracts unless it represents a separately identifiable service and satisfies other criteria for upfront recognition to the consolidated statement of profit or loss.

Sale of cosmetics and related personal care services:
Sale of goods
The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group accounts for that revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of services
The Group provides services related to women and men personal care and beauty. Such services are generally recognised as a performance obligation satisfied at the point in time when the service is rendered to the customer. Fees paid in advance for such services are deferred and released to revenue when the services is provided or when the validity has lapsed.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Revenue recognition

Income from franchise business arrangements
The Group has entered into franchise agreements with franchisees and royalty income and marketing charge is recognised in revenue based on the percentages agreed in franchise agreements which are recognised over time.

Training and coaching services:
The Group is engaged in the management and development of motor vehicles driving training. Revenue represents fees charged to customers during the year, which is recognised over the period of the courses on a time proportionate basis when services are provided to customers. Fees paid in advance relating to training services are deferred and released to revenue when the related services are provided.

Revenue from rentals:
Rental income from operating leases is recognised on a straight-line basis over the term except where another systematic basis is more representative of the time pattern in which benefit from the use of the underlying asset is diminished.

Employee benefits
An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is classified as a current liability, while the provision relating to end of service benefits is classified as a non-current liability.

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.

Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the followings:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and capitalised borrowing costs.

When parts of an item of property, plant and equipment are significant and have different useful lives, they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the consolidated statement of profit or loss.

Subsequent costs
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 repairs and maintenance expenses are charged to the consolidated statement of profit or loss in the period in which they are incurred.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Property, plant and equipment
Subsequent costs continued
Depreciation is calculated on a straight-line basis over their useful lives as follows:

Buildings and leasehold improvements	3 – 30 years
Plant and machinery	30 – 35 years
Office equipment, furniture and fixtures	3 – 10 years
Motor vehicles	3 – 15 years

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.

Capital work in progress
Assets under construction ('capital work in progress') are stated at cost, net of accumulated impairment losses, and are not depreciated. All costs directly attribute to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost, including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or investment properties category and is depreciated in accordance with the Group's policies.

Derecognition
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 consolidated statement profit or loss.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Concession rights
These include cost incurred to obtain certain concession rights and are amortised on a straight-line basis in the consolidated statement of profit or loss over their estimated useful life of 37 years from the date of construction of the district cooling plant.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Intangible assets continued

Customer relationship

Customer relationship represents future economic benefits in the form of future business with a customer beyond the amount secured by any current contractual arrangements. Customer relationship acquired in a business combination that does not arise from a contract may nevertheless be identifiable because the relationship is separable. These mainly represent non-contractual relationships and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 to 7 years.

Brand name

Brand is a unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Brand name represents future economic benefits in the form of future business linked the brand name of subsidiaries. Brand name has a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 5 to 20 years.

Other intangible assets are amortised over a period of 2 to 10 years using straight-line method.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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. All other borrowing costs are recognised in consolidated statements of profit or loss in the period during which they are incurred.

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 premeasurement 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, as follows:

Office space	3 - 10 years
Salon shops	2 - 7 years
Land	32 years
Motor vehicles	3 - 4 years

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessee continued

i) Right-of-use assets continued

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 'property, plant and equipment' policy.

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 a lease, if the lease term reflects the Group exercising the option to terminate.

Variable rents 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 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 of Property, plant and equipment (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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Leases continued
Group as a lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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.

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.

Investment properties
Investment properties are properties held to earn rentals and/or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Upon completion of construction or development, a property is transferred from properties under development to completed properties.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

When the use of investment property changes such that it is reclassified from, or to, property, plant and equipment, inventory or development work-in-progress, it's carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

Depreciation on investment properties is calculated using the straight-line method over their estimated useful life being 30 years.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis and comprises 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.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

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

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 (debt instruments, cash and cash equivalents and trade receivables)
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)
d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
b) 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 at amortised cost include a certain portion of trade and other receivables, due from related parties, loan to a related party and cash and bank balances.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial assets continued

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

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 under investment and other 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 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 and unquoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of profit or loss when the right of payment has been established.

Impairment of financial assets

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

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Financial liabilities and equity instruments
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, due to related parties, loan from related parties, lease liabilities and borrowings.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and borrowings.

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

Value added tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax 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.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Fair value measurement
The Group measures financial instruments such as financial assets at fair value through other comprehensive income, trade and other receivables, due from related parties and cash and bank balances at fair value at each 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Impairment of non-financial assets continued
Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

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 classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Non-monetary contributions from shareholders
Non-monetary contributions received from shareholders are initially recorded at a nominal value. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

3 MATERIAL ACCOUNTING POLICY INFORMATION continued

Dividends
The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholder. A corresponding amount is recognized directly in equity.

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.

4 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's 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.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation of uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment, intangible assets and investment properties
The management determines the estimated useful lives of its property, plant and equipment, intangible assets and investment properties for calculating depreciation and amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation/amortisation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment assessment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

Property, plant and equipment, intangible assets with an indefinite useful life, right-of-use assets and investment properties are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Goodwill is tested for impairment on an annual basis.

Based on the assessment performed, no impairment loss was recorded or the year ended 31 December 2023 (2022: nil).

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY continued

Key sources of estimation of uncertainty continued

Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were AED 207,214 thousand (2022: AED 165,509 thousand) with provision for expected credit losses of AED 20,510 thousand (2022: AED 35,922 thousand). 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.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY continued

Critical accounting judgements in applying accounting policies
In the process of applying the Group's accounting policies, which are descried in note 3, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)
The Group considers that it has de-facto control over the following entities, even though it owns less than 50% of the voting rights.

Emirates Driving Company PJSC ("DRIVE")

- The Group is the single largest shareholder at 48.01% with the remaining 51.99% being dispersed amongst 589 shareholders, of which two holds 6.51% and 5.74% and the remaining individually hold no more than 5% of the voting rights; and
- There is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

LVL Technology Holding (formerly "Switch Technology Holding") ("LVL")
- The Group has appointed four out of the total seven members of LVL's board and such appointment is contractual as per the amended shareholders' agreement; and
- The Board is fully empowered to manage and carry out all acts and transaction on behalf of the entity including supervision of LVL;s business affairs, ensuring the effectiveness of governance, overseeing management, as well as appointing and removing LVL's Senior management.

6 BUSINESS COMBINATIONS

6.1 Business combination under common control

During the years ended 31 December 2022, the Group acquired the following entities under common control. These acquisitions are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as they are business combinations of entities under common control, given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

6 BUSINESS COMBINATIONS continued

6.1 Business combination under common control continued

Acquisitions in the prior year

International Energy Holding LLC
Effective 1 August 2022, PAL 4 Solar Energy LLC, a subsidiary, acquired a 100% equity interest in International Energy Holding LLC (“Energy”) for nil consideration. Energy is based in Abu Dhabi, United Arab Emirates, and is involved in commercial, power, and industrial enterprise investment, institution and management. From the date of acquisition, Energy contributed a loss to the Group amounting to AED 10,593 thousand for the year ended 31 December 2022.

The amount recognised in respect of the identifiable asset acquired and liabilities assumed are set out in the table below.

	2022 *AED'000*
Assets	
Due from related parties	300
Total assets	300
Net assets	300
Less: non-controlling interest	(60)
Proportionate share of identifiable net assets acquired	240
Merger reserve	240

6.2 Acquisitions under IFRS 3 Business Combination

6.2 (a) Acquisitions during the year

During the year, the Group acquired the following entities which were accounted for using the acquisition method under IFRS 3 Business Combinations:

Fisio Therapy and Rehabilitation Center LLC
Effective 1 March 2023, Omorfia Group LLC (“Omorfia”), a subsidiary, acquired a 100% equity interest in Fisio Therapy and Rehabilitation Center LLC ("Fisio") for consideration of AED 1 thousand. Fisio is based in the emirate of Dubai, and operates physical medicine, rehabilitation and physiotherapy center. From the date of acquisition, Fisio contributed revenue and loss to the Group amounting to AED 1,388 thousand and AED 708 thousand respectively. If the acquisition had taken place at the beginning of the year, Fisio would have contributed revenue and loss to the Group amounting to AED 1,616 thousand and AED 896 thousand respectively.

Media 247 Holding Ltd
Effective 1 July 2023, the Group acquired a 60% equity interest in Media 247 Holding Ltd. (“Media 247”). Media 247 is a private company limited by shares incorporated and registered under the laws of Abu Dhabi Global Market. Media 247 is a specialised outdoor media solution provider in United Arab Emirates. From the date of acquisition, Media 247 contributed revenue and profit to the Group amounting to AED 101,066 thousand and AED 41,108 thousand respectively. If the acquisition had taken place at the beginning of the year, Media 247 would have contributed revenue and profit to the Group amounting to AED 185,730 thousand and AED 79,227 thousand respectively.

6 BUSINESS COMBINATIONS continued

6.2 Acquisitions under IFRS 3 Business Combination

6.2 (a) Acquisitions during the year

LVL Technology Holding (formerly "Switch Technology Holding") ("LVL")
Effective 1 July 2023, the Group acquired control over LVL, previously recognised as a financial asset, through the acquisition of an additional ownership interest of 33% in LVL (cumulative ownership interest of 49.38%) for a consideration which consisted of cash amounting to AED 22,050 thousand and contribution of a subsidiary of the Group, Healthier U Wellness Services LLC (i.e. the fair value of the 50.62% interest in Healthier transferred to the third party). From the date of acquisition, LVL contributed revenue and loss to the Group amounting to AED 937 thousand and AED 5,896 thousand respectively. If the acquisition had taken place at the beginning of the year, LVL would have contributed revenue and loss to the Group amounting to AED 1,246 thousand and AED 6,754 thousand respectively.

JUICE SPA - GROUP OF ENTITIES ("Juice SPA")
Effective 1 October 2023, Omorfia Group LLC ("Omorfia"), a subsidiary, acquired a 100% equity interest, for a consideration of AED 24,500 thousand, in the following entities ("Juice SPA"):

Name of entities	Place of incorporation and operations	Principal activities
Juice Lounge SPA and Beauty Center LLC	United Arab Emirates	Woman salon, ladies oriental bath, ladies health club, ladies massage & relaxation center
Juice SPA Salon	United Arab Emirates	Ladies health club, ladies oriental bath, ladies cosmetic & personal care center
Jamm Salon Supplies	United Arab Emirates	Ladies cosmetic & personal care center, women salon, hair fixing center, and henna saloon
The Juice Beauty Salon LLC	United Arab Emirates	Perfumes & cosmetics trading, ladies oriental bath, ladies health club, women salon, soap & hair care products trading, ladies massage & relaxation center
Acumen International Ltd.	United Arab Emirates	Gents cosmetic & personal care, gents haircutting & hairdressing salon, ladies cosmetic & personal care, ladies haircutting & hair dressing, ladies spa club
Atelier Hommage Mens Salon LLC	United Arab Emirates	Men oriental bath, gents haircutting & hairdressing salon, gents health club, gents massage & relaxation center

From the date of acquisition, Juice SPA contributed revenue and profit to the Group amounting to AED 8,314 thousand and AED 854 thousand respectively. If the acquisition had taken place at the beginning of the year, Juice SPA would have contributed revenue and profit to the Group amounting to AED 29,074 thousand and AED 2,389 thousand respectively.

6 BUSINESS COMBINATIONS continued

6.2 Acquisitions under IFRS 3 Business Combination

6.2 (a) Acquisitions during the year continued

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were as follows:

	Fisio *AED'000*	*Media 247* *AED'000*	*LVL* *AED'000*	*Juice SPA** *AED'000*	*Total* *AED'000*
Assets					
Property, plant and equipment	1,674	2,270	8	3,025	6,977
Intangible assets	-	142,545	2,927	10,261	155,733
Inventories	20	-	-	3,524	3,544
Due from related parties	-	53	530	-	583
Trade and other receivables	1,485	53,212	521	2,148	57,366
Cash and bank balances	192	14,361	23,582	1,675	39,810
Total assets	**3,371**	**212,441**	**27,568**	**20,633**	**264,013**
Liabilities					
Employees' end of service benefit	39	1,318	613	84	2,054
Loan from a related party	-	-	6,015	-	6,015
Deferred tax liability	-	12,829	263	923	14,015
Due to related parties	-	4,769	45	-	4,814
Trade and other payables	4,514	29,616	6,872	1,870	42,872
Total liabilities	**4,553**	**48,532**	**13,808**	**2,877**	**69,770**
Total identifiable net (liabilities) assets at fair value	**(1,182)**	**163,909**	**13,760**	**17,756**	**194,243**
Proportionate share of identifiable net (liabilities) assets acquired	(1,182)	98,345	6,795	17,756	121,714
Goodwill arising on acquisition	1,183	162,624	33,154	6,744	203,705
Total purchase consideration	**1**	**260,969**	**39,949**	**24,500**	**325,419**
Non-controlling interest on acquisition	**-**	**65,564**	**6,965**	**-**	**72,529**

* The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will complete the purchase price allocation exercise of the acquisitions within one year from the respective acquisition date.

Intangible assets of AED 155,733 thousand have been recognised as a result of aforementioned acquisitions, which comprises largely of brand name, customer relationships, customer contracts, trademarks, license and lease benefits.

Goodwill of AED 203,705 thousand arising from the acquisitions comprises largely the value of expected synergies arising from the acquisitions, which are not separately recognised.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- Assumed discount rates of 16.5% to 23%; and
- A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from 1% to 2%, which has been used to determine income for the future years.

6 BUSINESS COMBINATIONS continued

6.2 Acquisitions under IFRS 3 Business Combination

(a) Acquisitions during the year continued

Details of purchase consideration on acquisition is as follows:

	Fisio AED'000	*Media 247 AED'000*	*LVL AED'000*	*Juice SPA AED'000*	*Total AED'000*
Cash paid for the acquisition	1	184,566	22,050	24,500	231,117
Deferred consideration (i)	-	36,403	-	-	36,403
Contingent consideration (ii)	-	40,000	-	-	40,000
Fair value of previously held equity interest	-	-	13,025	-	13,025
Fair value of shares in a subsidiary (iii)	-	-	4,874	-	4,874
Total purchase consideration	**1**	**260,969**	**39,949**	**24,500**	**325,419**

(i) This represents the deferred payment of the purchase consideration as per the agreement.

(ii) As part of the purchase agreement for the acquisition of Media 247, an additional cash payment of AED 40,000 thousand is to be paid to the previous owner subject to Media 247 achieving a minimum net profit of AED 60,000 thousand during the year ending 31 December 2023. As at the acquisition date, the fair value of the contingent consideration was estimated at AED 40,000 thousand. The Group has recorded the contingent consideration as it is highly probability that the target net profit will be achieved.

(iii) Represents the fair value of 50.62% ownership interest in HealthierU which was granted to a third party as part of the agreement to acquire LVL.

Analysis of cashflows on acquisition is as follows:

	Fisio AED'000	*Media 247 AED'000*	*LVL AED'000*	*Juice SPA AED'000*	*Total AED'000*
Cash paid for the acquisition	1	184,566	22,050	24,500	231,117
Cash acquired on business combination	(192)	(14,361)	(23,582)	(1,675)	(39,810)
Acquisition of operating business – net of cash used (included in cash flows from investing activities)	(191)	170,205	(1,532)	22,825	191,307
Transaction costs of the acquisition (included in cash flows from operating activities)	-	1,336	386	265	1,987
Net cash used on acquisition	**(191)**	**171,541**	**(1,146)**	**23,090**	**193,294**

Acquisition related costs amounting to AED 1,987 thousand were expensed during the year and are included in general and administrative expenses.

6.2 (b) Acquisitions in prior year

During 2022, the Group acquired the following entity, which was accounted for using the acquisition method under IFRS 3 Business Combination:

Rose Water Ladies Salon – Sole Proprietorship LLC ("ROSE")
Effective 1 January 2022, Bedashing Holding Company LLC, a subsidiary, acquired a 100% equity interest in Rose Water Ladies Salon - Sole Proprietorship LLC for consideration of AED 7,200 thousand. ROSE is a sole proprietorship LLC, registered in the Emirate of Abu Dhabi, engaged in women personal care and beauty, women hairdressing, trimming, styling and henna pigmenting. From the date of acquisition, ROSE contributed revenue and profit to the Group amounting to AED 5,407 thousand and AED 1,352 thousand respectively for the year ended 31 December 2022.

6 BUSINESS COMBINATIONS continued

6.2 Acquisitions under IFRS 3 Business Combination continued

6.2 (b) Acquisitions in prior year *continued*

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of the acquired entity as at the date of acquisition was as follows:

	2022 *AED'000*
Assets	
Property, plant and equipment	837
Intangible assets	577
Inventories	160
Trade and other receivables	230
Total assets	1,804
Liabilities	
Employees' end of service benefit	30
Trade and other payables	117
Total liabilities	147
Total identifiable net assets at fair value	1,657
Goodwill arising on acquisition	5,543
Total purchase consideration	7,200

Goodwill of AED 5,543 thousand arising from the acquisition comprises largely the value of expected synergies arising from the acquisition, which is not separately recognized. None of the goodwill recognized is expected to be deductible for income tax purposes.

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 “Fair Value Measurement” refers to as level 3 inputs. The fair value estimates are based on:

- An assumed discount rate of %13.1
- A terminal value, calculated based on long-term sustainable growth rates of the industry is 2% , which has been used to determine income for the future years.

Analysis of cashflows on acquisition is as follows:

	2022 *AED'000*
Cash paid for the acquisition	7,200
Net cash acquired on business combination	-
Acquisition of operating business – net of cash used (included in cash flows from investing activities)	7,200
Transaction costs of the acquisition (included in cash flows from operating activities)	30
Net cash used on acquisition	7,230

6 BUSINESS COMBINATIONS continued

6.2 Acquisitions under IFRS 3 Business Combination continued

6.2 (b) Acquisitions in prior year continued

Acquisition related costs amounting to AED 30 thousand were expensed during prior year and were included in general and administrative expenses.

6.3 Reduction in shareholding without a loss of control

6.3 (a) Decrease of shareholding in a subsidiary without consideration in the current year

During the year, the Group transferred a portion of its shareholding in the following subsidiary as a form of consideration against the acquisition of a new subsidiary:

	HealthierU *2023*
Reduction in shareholding (%)	50.62%
Carrying value of the shareholding disposed-off *(AED '000)*	-
Less: consideration received *(AED '000)*	4,874
Difference recognised directly in merger and acquisition reserve ***(AED '000)***	4,874

6.3 (b) Decrease of shareholding in a subsidiary without consideration in the prior year

During 2022, the Group transferred 20% shareholding in PAL 4 Solar Energy LLC to a related party (Alpha Dhabi Holding PJSC) for nil consideration. Following is the schedule for the reduction in shareholding of PAL 4 Solar Energy LLC:

	PAL 4 Solar Energy LLC *2022*
Reduction in shareholding (%)	20%
Number of shares disposed-off	2,000
Carrying value of the shareholding disposed-off (net liabilities) *(AED '000)*	(125)
Cash consideration received	-
Difference recognised directly in merger and acquisition reserve ***(AED '000)***	(125)

7 PROPERTY, PLANT AND EQUIPMENT

	Building and leasehold improvements AED'000	*Plant and machinery AED'000*	*Office equipment furniture and fixtures AED'000*	*Motor vehicles AED'000*	*Capital work in progress AED'000*	*Total AED'000*
2023						
Cost:						
At 1 January 2023	303,711	1,089,678	183,282	40,589	306,736	1,923,996
Acquired in business combination (note 6.2)	13,002	92	5,253	167	-	18,514
Additions	9,971	550	12,538	3,770	94,110	120,939
Transfer from capital work in progress	35,369	16,428	17,699	-	(69,496)	-
Disposals	-	-	(1,153)	(2,760)	-	(3,913)
At 31 December 2023	**362,053**	**1,106,748**	**217,619**	**41,766**	**331,350**	**2,059,536**
Accumulated depreciation:						
At 1 January 2023	131,845	225,572	137,361	23,353	-	518,131
Acquired in business combination (note 6.2)	10,408	92	1,037	-	-	11,537
Charge for the year	16,247	38,452	17,240	4,237	-	76,176
Relating to disposals	-	-	(840)	(2,423)	-	(3,263)
At 31 December 2023	**158,500**	**264,116**	**154,798**	**25,167**	**-**	**602,581**
Net carrying amount:						
At 31 December 2023	**203,553**	**842,632**	**62,821**	**16,599**	**331,350**	**1,456,955**
2022						
Cost:						
At 1 January 2022	298,449	862,855	164,202	44,543	343,010	1,713,059
Acquired in business combination (note 6.2)	1,146	-	296	-	-	1,442
Additions	2,736	1,047	9,081	1,057	198,708	212,629
Transfer from intangible assets, net			3,657	-	(698)	2,959
Transfer	1,796	225,776	6,712	-	(234,284)	-
Disposals	(416)	-	(666)	(5,011)	-	(6,093)
At 31 December 2022	303,711	1,089,678	183,282	40,589	306,736	1,923,996
Accumulated depreciation:						
At 1 January 2022	115,775	192,632	119,675	24,030	-	452,112
Acquired in business combination (note 6.2)	437	-	168	-	-	605
Charge for the year	15,880	32,940	14,953	4,140	-	67,913
Transfer from intangible assets, net	-	-	2,711	-	-	2,711
Relating to disposals	(247)	-	(146)	(4,817)	-	(5,210)
At 31 December 2022	131,845	225,572	137,361	23,353	-	518,131
Net carrying amount:						
At 31 December 2022	171,866	864,106	45,921	17,236	306,736	1,405,865

7 PROPERTY, PLANT AND EQUIPMENT continued

At 31 December 2023, capital work in progress mainly comprises costs incurred towards construction of district cooling plants and expansion of capacity of plants located in Abu Dhabi which are expected to be completed during the year ending 2024.

During the year ended 31 December 2023, the Group capitalised finance cost of AED 6,345 thousand related to its borrowings (31 December 2022: AED 4,718 thousand).

Property, plant and equipment with a carrying amount of AED 900,445 thousand (31 December 2022: AED 992,195 thousand) are mortgaged as security against borrowings (note 22).

Deprecation charge for the year has been allocated and disclosed in the consolidated statement of profit or loss as follows:

	2023 ***AED'000***	*2022* *AED'000*
Cost of revenue (note 26)	**56,815**	52,061
General and administrative expenses (note 27)	**19,361**	15,852
	76,176	67,913

8 INVESTMENT PROPERTY

	2023 ***AED'000***	*2022* *AED'000*
Cost:		
At 1 January	**176,000**	176,000
Additions during the year	**-**	-
At 31 December	**176,000**	176,000
Accumulated depreciation:		
At 1 January	**49,454**	44,318
Charge for the year	**5,136**	5,136
At 31 December	**54,590**	49,454
Net carrying amount		
At 31 December	**121,410**	126,546

Investment property represents a building located in Sadyaat Island, acquired on 28 August 2017 by Emirates Driving Company PJSC, a subsidiary.

The fair value of the Group's investment property as at 31 December 2023 amounted to AED 164,100 thousand (31 December 2022: AED 148,500 thousand) and has been arrived by reference to a valuation carried out by independent valuer not related to the Group. The independent valuer appropriate qualifications and recent experience in the valuation of properties in the relevant location.

The fair value of investment property is determined using the market comparable method. Under this method, comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject property, were applied to value the property. The fair value measurement falls under level 2 in the fair value measurement hierarchy.

8 INVESTMENT PROPERTY continued

The property rental income earned by the Group from its investment property, which is leased out under operating leases and the direct operating expenses arising on the investment property are as follows:

	2023	*2022*
	AED'000	*AED'000*
Rental income	**8,414**	8,094
Direct operating expenses (excluding depreciation)	**(3,220)**	(3,330)
	5,194	4,764

9 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	*Brand name*	*Concession rights*	*Customer relationship*	*Others*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
At 1 January 2023	**230,491**	**146,883**	**71,712**	**6,100**	**10,176**	**465,362**
Relating to business combinations (note 6)	**203,705**	**20,888**	**-**	**123,910**	**10,935**	**359,438**
Additions during the year	**-**	**-**	**-**	**-**	**5,748**	**5,748**
Amortisation during the year	**-**	**(13,567)**	**(2,162)**	**(10,239)**	**(4,266)**	**(30,234)**
At 31 December 2023	**434,196**	**154,204**	**69,550**	**119,771**	**22,593**	**800,314**
At 1 January 2022	246,829	158,475	73,874	7,986	14,264	501,428
Relating to business combinations (note 6)	5,543	546	-	-	31	6,120
Transferred to property, plant and equipment, net	-	-	-	-	(248)	(248)
Relating to finalization of prior year's PPA	(21,881)	-	-	-	-	(21,881)
Additions during the year	-	-	-	-	838	838
Reclassification	-	765	-	-	(765)	-
Amortisation during the year	-	(12,903)	(2,162)	(1,886)	(3,944)	(20,895)
At 31 December 2022	230,491	146,883	71,712	6,100	10,176	465,362

Goodwill

Goodwill primarily comprises sales growth, new customers and expected synergies arising from the acquisitions.

During the year ended 31 December 2023, management performed its annual impairment assessments of goodwill, using the discounted cashflow model approach to calculate the value in use for the respective cash generating units.

For the purpose of the impairment testing, goodwill was allocated to the respective cash generating units based on the respective enterprise values.

Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date.

Following key assumptions were used in the discounted cashflow review:

- Terminal growth rate: 2% - 3% (31 December 20222: 2 % - 2.5 %)
- Inflation rate: 4% (31 December 2022: 5.2%)
- Discount rate: 11.5% - 12.7% (31 December 2022: 14 %)

9 INTANGIBLE ASSETS AND GOODWILL continued

Customer relationship
These represent long term non-cancellable contracts with customers and non-contractual relationships which were acquired (note 6) and meet the criteria for recognition as intangible assets under IAS 38.

Concession rights
In December 2018, PAL Cooling Holding LLC, subsidiary of the Company, acquired rights and obligations attached to a district cooling concessional contract relating to part of Sector 4, Reem Island Development Area, Abu Dhabi from its shareholder PAL Group of Companies LLC for AED 80 million (who concurrently acquired the same rights and obligations from Pal Technology Services LLC, a related party of the Group) to provide district cooling services to customers in a concession area developed by Tamouh. The duration of the contract is 37 years from the date of construction of the district cooling plant.

Brand name
Brand name represents future economic benefits in the form of future business linked with brand name of subsidiaries acquired (note 6) and meet the criteria for recognition as intangible assets under IAS 38.

Amortisation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2023	*2022*
	AED'000	*AED'000*
Cost of revenue (note 26)	**2,162**	2,162
General and administrative expenses (note 27)	**28,072**	18,733
	30,234	20,895

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	2023	*2022*
	AED'000	*AED'000*
Right-of-use assets:		
As at 1 January	**104,423**	94,384
Additions during the year	**70,446**	42,007
Termination of a lease	**(7,129)**	(692)
Lease modification	**-**	31
Depreciation expense	**(38,811)**	(31,307)
As at 31 December	**128,929**	104,423
Lease liabilities:		
As at 1 January	**106,862**	95,730
Additions during the year	**70,446**	42,007
Interest expense (note 22)	**9,203**	6,729
Termination of a lease	**(8,144)**	(945)
Lease modification	-	31
Payments	**(44,130)**	(36,690)
As at 31 December	**134,237**	106,862

10 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

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

	2023 *AED'000*	2022 *AED'000*
Current	**34,861**	36,562
Non-current	**99,376**	70,300
	134,237	106,862

Maturity analysis of lease liabilities is disclosed in note 33.

Amortisation charge for the year has been allocated to the consolidated statement of profit or loss as follows:

	2023 *AED'000*	2022 *AED'000*
Cost of revenue (note 26)	**29,857**	26,576
General and administrative expenses (note 27)	**8,954**	4,731
	38,811	31,307

11 INVESTMENT IN A JOINT VENTURE

Details of the Group's joint venture is as follows:

Name of entity	*Principal activities*	*Place of incorporation and operation*	*Ownership interest* **2023**	*Ownership interest* 2022
Joint venture:				
Kalyon Enerji Yatirmiliari A.S ("Kalyon") (i)	Clean and renewable energy company	Turkey	**50%**	50%

(i) During 2022, the Group acquired 50% shareholding in Kalyon for total consideration of AED 1,852,958 thousand. The investment in Kalyon is accounted for under the equity method of accounting.

Movement in investment in associate and joint venture is as follows:

	2023 *AED'000*	2022 *AED'000*
At 1 January	**1,838,425**	-
Additions during the year	-	1,852,958
Share of profit (loss) for the year	**228,558**	(14,533)
Share of other comprehensive loss for the year	**(1,715)**	-
At 31 December	**2,065,268**	1,838,425

11 INVESTMENT IN A JOINT VENTURE continued

Summarised financial information in respect of the Group's joint venture is set out below:

	2023	*2022*
	AED'000	*AED'000*
Non-current assets	**7,758,349**	3,483,981
Current assets	**441,882**	267,162
Non-current liabilities	**(3,678,359)**	(2,859,415)
Current liabilities	**(627,848)**	(270,392)
Equity (100%)	**3,894,024**	621,336
Less: non-controlling interest	**(1,113)**	(40,425)
Equity attributable to the owner of the entity	**3,892,911**	580,911
Group's share of net assets (50% ownership interest)	**1,946,456**	290,456
Group carrying amount of the investment (including goodwill)	**2,065,268**	1,838,425
Revenue	**692,697**	108,685
Profit (loss) for the year	**457,116**	(29,066)
Group's share of profit (loss)	**228,558**	(14,533)

12 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	*2022*
	AED'000	*AED'000*
Quoted	**36,659**	36,227
Unquoted	**410,327**	8,818
	446,986	45,045

The geographical distribution of investments is as follows:

	2023	*2022*
	AED'000	*AED'000*
Inside the UAE	**36,659**	36,227
Outside the UAE	**410,327**	8,818
	446,986	45,045

The investments are recorded at fair value using the valuation techniques disclosed in note 34. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

12 INVESTMENTS CARRIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME continued

	2023 AED'000	2022 AED'000
At 1 January	**45,045**	68,903
Additions during year	**374,700**	-
Transferred to investment in subsidiaries (note 6.2 (a))	**(13,025)**	-
Change in fair value	**40,266**	(23,858)
At 31 December	**446,986**	45,045

13 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 AED'000	2022 AED'000
Quoted	**32,893,112**	33,837,534
Unquoted	**83,592**	95,037
	32,976,704	33,932,571

Investments carried at fair value through profit or loss are analyzed as follows:

	2023 AED'000	2022 AED'000
Non-current	**17,213,115**	22,491,803
Current	**15,763,589**	11,440,768
	32,976,704	33,932,571

The geographical distribution of investments is as follows:

	2023 AED'000	2022 AED'000
Inside the UAE	**32,740,517**	33,676,220
Outside the UAE	**236,187**	256,351
	32,976,704	33,932,571

The investments are recorded at fair value using valuation techniques disclosed in note 34. Movement in investments in financial assets carried at fair value through profit or loss is as follows:

	2023 AED'000	2022 AED'000
At 1 January	**33,932,571**	5,433,404
Additions	**57,603**	11,185,397
Change in fair value (note 27)	**(561,587)**	18,095,400
Disposals	**(451,883)**	(781,630)
At 31 December	**32,976,704**	33,932,571

During the year, shares with a fair value of AED 31,577,159 (2022: AED 32,465,133 thousand), are pledged as security against borrowings.

14 TRADE AND OTHER RECEIVABLES

	2023	*2022*
	AED'000	*AED'000*
Trade receivables	**207,214**	165,509
Less: allowance for expected credit losses	**(20,510)**	(35,922)
	186,704	129,587
Advances to suppliers	**33,229**	15,589
Prepayments	**37,324**	19,471
Dividends receivable	-	6,458
Receivable under share purchase agreement*	**1,585,949**	1,983,110
Other receivables	**58,173**	19,471
	1,901,379	2,173,686
Less: non-current portion	**(1,236,517)**	(1,647,558)
	664,862	526,128

* During 2022, the Group entered into an agreement to acquire shares of a listed company. Under the provisions of the agreement, the Group is entitled to receive a guaranteed return over a period of 5 years, which shall be reduced by any dividends that may be declared and paid by the investee over the 5-year period. Accordingly, the Group recognised a non-current receivable of AED 1,935,301 thousand on the transaction date, using a discount rate of 8%, with a corresponding deferred income. During the year, unwinding of non-current receivable amounting to AED 146,225 thousand (2022: AED 47,808 thousand) (note 28) and amortisation of deferred income amounting to AED 387,061 thousand (2022: AED 116,647 thousand) (note 28) were recorded in the consolidated statement of profit or loss.

During the year, the Group recorded a loss of AED 169.6 million (note 28) on reassessment of the receivable under the share purchase agreement due to the change in the expected future cash flows.

Receivable under share purchase agreement is analysed in the consolidated statement of financial position as follows:

	2023	*2022*
	AED'000	*AED'000*
Current	**349,432**	335,552
Non-current	**1,236,517**	1,647,558
	1,585,949	1,983,110

Movement in allowance for expected credit losses against trade receivables during the year was as follows:

	2023	*2022*
	AED'000	*AED'000*
Balance at 1 January	**35,922**	21,555
(Reversal) charge for the year (net)	**(15,412)**	14,367
Balance at 31 December	**20,510**	35,922

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on financial assets and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

14 TRADE AND OTHER RECEIVABLES continued

Below is the information about the credit risk exposure on the Group's trade receivables:

	Total AED'000	*Not past due AED'000*	*<30 days AED'000*	*31-60 days AED'000*	*61-120 days AED'000*	*121-360 days AED'000*	*>360 days AED'000*
31 December 2023							
Expected credit loss rate		**2.29%**	**1.97%**	**0.96%**	**1.76%**	**9.53%**	**92.51%**
Estimated total gross carrying amount at default	**207,214**	**39,131**	**16,622**	**34,181**	**45,540**	**58,094**	**13,646**
Life time ECL	**20,510**	**895**	**328**	**327**	**801**	**5,535**	**12,624**
31 December 2022							
Expected credit loss rate		6.85%	6.55%	4.56%	12.18%	17.43%	85.90%
Estimated total gross carrying amount at default	165,509	9,951	11,469	27,222	30,995	64,688	21,184
Life time ECL	35,922	682	751	1,240	3,774	11,278	18,197

15 INVENTORIES

	2023 AED'000	*2022 AED'000*
Finished goods	**33,821**	22,147
Spares and consumables	**898**	797
Raw materials	**963**	3,254
	35,682	26,198
Less: allowance for slow moving inventories	**(2,955)**	(1,894)
	32,727	24,304

Movement in allowance for slow moving inventories is as follows:

	2023 AED'000	*2022 AED'000*
At 1 January	**1,894**	2,584
Charge (reversal) for the year (net)	**1,061**	(690)
At 31 December	**2,955**	1,894

16 CASH AND BANK BALANCES

	2023	*2022*
	AED'000	*AED'000*
Cash on hand	**2,539**	2,206
Cash at banks	**716,275**	344,237
Term deposits	**838,468**	686,703
Less: allowance for expected credit loss	**(5)**	(5)
Cash and bank balances	**1,557,277**	1,033,141
Less: term deposits with an original maturity more than three months	**(441,324)**	(200,000)
Cash and cash equivalents	**1,115,953**	833,141

Term deposits are placed with commercial banks in UAE, which carry interest rate ranging from 5.15% to 5.95% per annum (2022: 0.84% to 5.5%).

17 SHARE CAPITAL

	2023	*2022*
	AED'000	*AED'000*
Authorised issued and fully paid		
11,200,000,000 shares of AED 0.25 each (31 December 2022: 11,200,000,000 shares of AED 0.25 each)	**2,800,000**	2,800,000

On 1 April 2021, the shareholders approved to increase the share capital of the Company from AED 300 thousand to AED 100,000 thousand, with a reduction of the par value per share from AED 1,000 to AED 1 and the issuance of 99,999,700 new shares.

On 30 September 2021, the Company's share capital was increased from AED 100,000 thousand to AED 2,100,000 thousand through the issuance of 2,000,000 thousand new shares, out of which 1,224,090 thousand shares were issued to a new shareholder for AED 5,519,700 thousand resulting in a share premium of AED 4,295,610 thousand. The new shareholder contributed cash of AED 1,834,100 thousand and investments with a fair value of AED 3,685,600 thousand.

On 27 October 2021, the shareholders approved to increase the share capital of the Company from AED 2,100,000 thousand to AED 2,800,000 thousand, with a reduction of the par value per share from AED 1 to AED 0.25 and the issuance of 2,800,000 thousand new shares. The new shares were issued to new shareholders, through the public offering conducted on 5 December 2021, for AED 3,108,000 thousand contributed in cash, resulting in a share premium of AED 2,408,000 thousand.

18 STATUTORY RESERVE

In accordance with United Arab Emirates Federal Law No. (32) of 2021 and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

19 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*.

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant influence in financial and operating decisions making as well as key management personnel.

19.1 Balances

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

Name	*Nature of relationship*	***2023 AED'000***	*2022 AED'000*
Due from related parties:			
Kalyon Enerji Yatirimlari A.S.	Joint venture	**31,038**	-
Aldar Properties PJSC	Entity under common control	**6,342**	-
TSL Properties LLC	Entity under common control	**4,783**	-
International Holding Company PJSC	Parent Company	**3,810**	2,907
Oriontek Innovation LLC ICP	Entity under common control	**2,458**	-
ATGC Transport & GC LLC	Entity under common control	**1,420**	-
National Marine Dredging Company PJSC (NMDC)	Entity under common control	**1,268**	-
International Securities LLC	Entity under common control	**642**	4,449
Pal Technology Services LLC	Entity under common control	-	22,736
Al Ataa Investment LLC	Entity under common control	-	6,769
PAL Group of Companies LLC	Entity under common control	-	3,308
Q Holding PJSC	Entity under common control	-	2,803
Reem Developers Sole Proprietorship LLC	Entity under common control	-	1,714
Alpha Dhabi Holding PJSC	Entity under common control	-	1,179
Others	Entities under common control/ other related parties	**4,351**	11,082
		56,112	56,947
Less: allowance for expected credit loss		**(1,917)**	(433)
		54,195	56,514
Due to related parties:			
Alpha Dhabi Holding PJSC	Entity under common control	**123,263**	-
Kalyon Insaat Sanyi VE Ticaret A.S	Other related party	-	920,587
Chimera Investments LLC	Entity under common control	**14,700**	14,700
Tamouh Investments Company LLC	Entity under common control	**5,150**	3,104
RG Procurement RSC LTD	Entity under common control	**3,905**	3,560
IMEDIA 247 LLC	Entity under common control	**2,857**	-
IMEDIA 24-7 LLC – Sharjah	Entity under common control	**1,872**	-
Reem from energy Investment Services LLC	Other related party	**1,788**	7,550
International Holding Company PJSC	Parent Company	**1,474**	-
PAL Technology services LLC	Entity under common control	-	4,184
Provis Real Estate SP LLC	Entity under common control	-	2,887
Oriontek Innovation LLC	Other related party	-	1,016
Others	Entities under common control/ other related parties	**5,493**	3,175
		160,502	960,763

19 RELATED PARTY BALANCES AND TRANSACTIONS continued

19.1 Balances continued

Movement in allowance for expected credit losses against due from related parties is as follows:

	2023 AED '000	2022 AED '000
Balance at 1 January	**433**	472
Charge (reversal) during the year	**1,484**	(39)
Balance at 31 December	**1,917**	433

Name	Nature of relationship	2023 AED'000	2022 AED'000
Investments in financial assets	Entity under common control	**3,554,153**	4,716,524
Right of use assets	Entity under common control/other related parties	**33,736**	7,129
Lease liabilities	Entity under common control/other related parties	**34,759**	6,692

Loans to a related party

International Energy Holding LLC, a subsidiary, signed agreements with Kalyon Enerjij Yatirimlari A.S, a joint venture of the Group, to grant loans amounting to USD 128 million and EUR 36 million in order to fund 50% of the joint venture's working capital requirements. The loans carry interest ranging from 8.25% to 10.5% per annum on outstanding principal amounts, which are payable on quarterly basis starting from 31 December 2023. The principal amounts are repayable at the end of maturity of the loans.

	Currency	Interest rates	Maturity	2023 AED'000	2022 AED'000
Related party loan 1	USD	10.5%	June 2025	**213,150**	-
Related party loan 2	EUR	10.5%	June 2025	**116,884**	-
Related party loan 3	EUR	10.5%	June 2025	**29,221**	-
Related party loan 4	USD	8.25%	September 2031	**196,613**	
Related party loan 5	USD	10.5%	September 2031	**60,637**	-
				616,505	-

Loan from related parties

	Security	Interest rates	Maturity	2023 AED'000	2022 AED'000
Related party loan 1	Secured	5%	December 2026	**31,785**	40,995
Related party loan 2	Unsecured	Interest free	On demand	**5,015**	7,623
Related party loan 3	Unsecured	Interest free	June 2023	-	25,000
Related party loan 4	Unsecured	13%	April 2024	**1,662**	-
				38,462	73,618

Disclosed in the consolidated statement of financial position as follows:

	2023 AED'000	2022 AED'000
Non-current portion	**20,497**	29,707
Current portion	**17,965**	43,911
	38,462	73,618

19 RELATED PARTY BALANCES AND TRANSACTIONS continued

19.2 Transactions

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

	2023 ***AED'000***	*2022* *AED'000*
Revenue *(entities under common control)*	**49,239**	75,125
Cost of revenue *(entities under common control)*	**13,262**	25,180
General and administrative expenses *(entities under common control)*	**7,402**	5,427
Investment and other income *(other related parties)*	**31,868**	-

Transactions and balances with a financial institution (other related party)

	2023 ***AED '000***	*2022* *AED '000*
Balances with a financial institution	**740,241**	385,972
Borrowings	**9,421,428**	8,324,231
Interest expense for the year	**389,563**	133,918
Drawdown	**1,500,000**	8,076,944
Repayment of borrowings	**792,764**	89,620

19.3 Key management remuneration

	2023 ***AED'000***	*2022* *AED'000*
Salaries and employee benefits	**19,789**	18,351
Employees end of service benefits	**1,010**	893
	20,799	19,244
Remuneration for the Directors of the Company	**9,078**	5,230

20 PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	*Country of incorporation and operation*	***2023***	*2022*
Emirates Driving Company PJSC	United Arab Emirates	**51.99%**	51.99%
Omorfia Group LLC	United Arab Emirates	**49%**	49%
PAL 4 Solar Energy LLC	United Arab Emirates	**20%**	20%
Media 247 Holding Ltd	United Arab Emirates	**40%**	-
LVL Technology Holding	Caymen Island	**50.62%**	-

	2023 AED'000	*2022 AED '000*
Accumulated balances of non-controlling interest:		
Emirates Driving Company PJSC	**577,467**	493,811
PAL 4 Solar Energy LLC	**420,315**	184,796
Omorfia Group LLC	**198,500**	174,612
Media 247 Holding Ltd	**77,550**	-
LVL Technology Holding	**3,913**	-
	1,277,745	853,219
Profit (loss)allocated to non-controlling interest:		
Emirates Driving Company PJSC	**130,338**	121,964
PAL 4 Solar Energy LLC	**50,910**	(4,335)
Omorfia Group LLC	**23,888**	19,041
Media 247 Holding Ltd	**11,986**	-
LVL Technology Holding	**(3,052)**	-
	214,070	136,670

The summarised financial information of these subsidiaries is provided below.

Summarised statement of profit or loss of partly-owned subsidiaries:

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2023					
Revenue	364,056	-	382,521	101,066	937
Cost of revenue	(80,797)	-	(254,527)	(48,092)	(272)
Other income	49,367	30,505	8,553	585	-
Share of profit from a joint venture	-	228,558	-	-	-
General and administrative expenses	(81,537)	(2,790)	(69,181)	(24,434)	(6,214)
Finance cost	(4,677)	(3)	(9,631)	-	(494)
Income tax	3,842	-	(8,984)	841	13
Profit (loss) for the year	**250,254**	**256,270**	**48,751**	**29,966**	**(6,030)**
Other comprehensive profit (loss) for the year	433	(1,715)	-	-	-
Comprehensive income (loss) for the year	**250,687**	**254,555**	**48,751**	**29,966**	**(6,030)**
Attributable to non-controlling interests	**130,338**	**50,910**	**23,888**	**11,986**	**(3,052)**

20 MATERIAL PARTLY-OWNED SUBSIDIARIES continued

Summarised statement of profit or loss of material partly-owned subsidiaries continued:

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2022					
Revenue	347,512	-	360,500	-	-
Cost of revenue	(71,505)	-	(254,168)	-	-
Other income	35,735		2,670	-	-
Share of loss from a joint venture	-	(14,533)	-	-	-
General and administrative expenses	(72,320)	(7,143)	(66,165)	-	-
Finance cost	(2,949)	-	(3,978)	-	-
Profit (loss) for the year	236,473	(21,676)	38,859	-	-
Other comprehensive loss for the year	(1,892)	-	-	-	-
Comprehensive income (loss) for the year	234,581	(21,676)	38,859	-	-
Attributable to non-controlling interests	121,964	(4,335)	19,041	-	-

Summarised statement of financial position of material partly-owned subsidiaries:

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2023					
Non-current assets	420,076	2,666,937	294,291	135,848	6,135
Current assets	794,422	65,250	257,903	131,301	11,217
Non-current liabilities	(49,941)	-	(57,068)	(13,227)	(6,106)
Current liabilities	(53,849)	(631,836)	(89,977)	(60,047)	(3,515)
Equity (100%)	**1,110,708**	**2,100,351**	**405,149**	**193,875**	**7,731**
Attributable to:					
Equity holders of parent	**533,241**	**1,680,036**	**206,649**	**116,325**	**3,818**
Non-controlling interest	**577,467**	**420,315**	**198,500**	**77,550**	**3,913**

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2022					
Non-current assets	416,590	1,838,425	291,071	-	-
Current assets	652,820	12,044	201,216	-	-
Non-current liabilities	(46,154)	-	(45,766)	-	-
Current liabilities	(73,450)	(941,494)	(90,167)	-	-
Equity (100%)	949,806	908,975	356,354	-	-
Attributable to:					
Equity holders of parent	455,995	727,180	181,741	-	-
Non-controlling interest	493,811	181,795	174,613	-	-

20 MATERIAL PARTLY-OWNED SUBSIDIARIES continued

Summarised cash flow information of material partly owned subsidiaries:

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2023					
Operating	219,279	1,345	116,643	30,986	(21,137)
Investing	(166,485)	(1,539)	(39,951)	(847)	(14,400)
Financing	(93,635)	185	(33,794)	250	41,750
Net (decrease) increase in cash and cash equivalents	**(40,841)**	**(9)**	**42,898**	**30,389**	**6,213**

	DRIVE AED'000	*PAL 4 AED'000*	*Omorfia AED'000*	*Media247 AED'000*	*LVL AED'000*
31 December 2022					
Operating	259,524	769,031	112,690	-	-
Investing	31,275	(947,380)	(17,279)	-	-
Financing	(88,996)	189,196	(29,575)	-	-
Net increase in cash and cash equivalents	201,803	10,847	65,836	-	-

21 EMPLOYEES' END OF SERVICE BENEFITS

	2023 AED'000	*2022 AED'000*
At 1 January	**44,647**	37,383
Acquired in business combinations (note 6)	**2,054**	30
Charge for the year	**12,501**	10,887
Paid during the year	**(5,982)**	(3,653)
At 31 December	**53,220**	44,647

22 BORROWINGS

Borrowings:	***Security***	***Interest rates***	***Maturity***	***2023 AED'000***	*2022 AED'000*
Term loan 1	Secured	EIBOR + 1.85%	December 2023	-	10,640
Term loan 2	Secured	EIBOR + 1.85%	December 2024	**74,880**	111,885
Term loan 3	Secured	EIBOR + 1.85%	September 2030	**84,094**	95,648
Term loan 4	Secured	EIBOR + 1.85%	December 2027	**130,064**	139,106
Term loan 5	Secured	EIBOR + 1.85%	November 2029	**33,254**	-
Term loan 6	Secured	3.88%	July 2027	**6,099,730**	6,096,956
Term loan 7	Secured	3.88%	August 2025	**1,003,814**	1,003,295
Term loan 8	Secured	4.2%	August 2027	**498,033**	498,448
Term loan 9	Secured	EIBOR + 0.85%	September 2025	**339,064**	507,360
Term loan 10	Secured	EIBOR + 0.85%	March 2026	**847,902**	-
Term loan 11	Secured	EIBOR + 0.85%	June 2026	**159,005**	-
Term loan 12	Secured	EIBOR + 0.85%	September 2026	**314,906**	-
Term loan 13	Unsecured	20%	January 2026	**5,396**	-
				9,590,142	8,463,338

22 BORROWINGS continued

(i) Term loan 1 was obtained to finance 50% of the total cost of a district cooling plant project in Abu Dhabi. The loan is repayable in 15 semi-annual instalments, starting from 31 December 2015 till 31 December 2023. The loan is secured by the notarised mortgage over the Musataha rights granted to the subsidiary in respect of district cooling plot, pledge over the equipment that has been installed at capital center - Phase 4 District Cooling Project and subordination of a loan from a related party.

(ii) Term loan 2 was obtained to finance the construction of district cooling plants. In 2016, the loan was restructured, whereby the restructured term loan is repayable in 8 annual instalments with a bullet payment of the residual amount to be paid on 31 December 2024. The restructured loan is secured through personal guarantee of a related party and mortgage of the property constructed.

(iii) Term loan 3 was obtained to finance a district cooling plant. The loan was repayable in 7 semi annual instalments of AED 4.75 million each starting from 30 June 2017 till 30 June 2020 and a bullet payment of the residual amount in December 2020. During 2020, the subsidiary renewed the facility with a total limit of AED 120 million to finance the 2nd phase of the district cooling plant, which is repayable in 32 quarterly instalments with the final maturity on 30 September 2030. The loan is secured against the mortgage of plant and machineries of district cooling plant and an irrevocable corporate guarantee of a related party covering the overall facility.

(iv) Term loan 4 loan was obtained to finance a district cooling plant. The loan is repayable in 22 quarterly instalments starting from 22 June 2022 till 22 September 2027 and a bullet payment of the residual amount on 22 December 2027. The loan is secured against mortgage of plant and machineries of the district cooling plant and an irrevocable corporate guarantee.

(v) Term loan 5 was obtained to finance a district cooling plant. The loan is repayable in 20 quarterly instalments starting from 22 Feb 2025 till 22 November 2029. The loan is secured against mortgage of plant and machineries of the district cooling plant and an irrevocable corporate guarantee.

(vi) Term loans 6, 7, 8, 9, 10, 11, and 12 were obtained to finance the purchase of investments. The term loans are repayable in instalments. The loans are secured against the mortgage of investments in financial assets amounting to AED 31,577,159 thousand (2022: AED 32,465,133 thousand) and the shares of a subsidiary to the Group.

(vii) Term loan 13 was obtained to provide additional working capital to a subsidiary. The loan is repayable in monthly instalments starting in November 2023 - interest only – with principal starting to be repaid in 2024. The loan is secured with equity terms placed upon the debt.

Movement in borrowings during the year is as follows:

	2023 ***AED'000***	*2022* *AED'000*
At 1 January	**8,463,338**	366,930
Drawdowns	**1,543,685**	8,076,944
Reclassified to loan from related parties (note 19)	**-**	(7,623)
Transaction cost, net	**398**	(3,671)
Finance cost*	**399,267**	141,301
Repayments	**(816,546)**	(110,543)
At 31 December	**9,590,142**	8,463,338

* Finance cost of AED 6,345 thousand (2022: AED 4,718 thousand) was capitalised under property, plant and equipment with the remaining AED 392,922 thousand (2022: AED 136,583 thousand) being charged to finance cost in the consolidated statement of profit or loss.

22 BORROWINGS continued

Disclosed in the consolidated statement of financial position as follows:

	2023	*2022*
	AED'000	*AED'000*
Non-current portion	**8,208,999**	8,102,301
Current portion	**1,381,143**	361,037
	9,590,142	8,463,338

Finance cost in the consolidated statement of profit or loss consist of the following:

	2023	*2022*
	AED'000	*AED'000*
Interest on borrowings	**392,922**	136,583
Interest on loans from related parties	**2,078**	-
Interest on lease liabilities (note 10)	**9,203**	6,729
Amortization of transaction cost	**1,448**	606
Bank charges	**9,986**	6,163
	415,637	150,081

23 INCOME TAX

	2023	*2022*
	AED'000	*AED'000*
Consolidated statement of financial position - Deferred tax liabilities:		
Relating to business combinations prior to enactment of UAE CT Law	**29,790**	-
Relating to business combinations subsequent to enactment of UAE CT Law	**13,113**	-
	42,903	-
Consolidated statement of profit or loss:		
Income tax expense (net) – deferred	**28,887**	-

23 INCOME TAX continued

Deferred tax liability relates to the following:

	Consolidated statement of financial position		*Consolidated statement of profit or loss*	
	2023 AED	*2022 AED*	***2023 AED***	*2022 AED*
Goodwill acquired through business Combination – prior to enactment of UAE CT Law*	**20,744**	-	**20,744**	-
Intangible assets acquired through business combination – prior to enactment of UAE CT Law*	**12,888**	-	**12,888**	-
Intangible assets acquired through business combination - subsequent to enactment of UAE CT Law	**13,113**	-	**(903)**	-
Fair value of investment properties	**(3,842)**	-	**(3,842)**	-
Deferred tax expense	**-**	-	**28,887**	-
Deferred tax liabilities	**42,903**	-	**-**	-

* These items mainly relate to the initial recognition of deferred tax liability in respect of the goodwill and intangible assets arising from business combination of certain UAE based entities prior to the enactment of UAE CT law.

24 TRADE AND OTHER PAYABLES

	2023 AED'000	*2022 AED'000*
Trade payables	**92,309**	56,049
Advances from customers	**65,573**	71,086
Unearned revenue (i)	**82,273**	66,338
Deferred income (note 14)	**1,431,593**	1,818,655
Accruals and other payables	**237,843**	117,513
Security deposits	**25,641**	26,924
VAT payable, net	**2,150**	1,557
Retention payable	**15,225**	17,825
	1,952,607	2,175,947
Less: non-current portion	**(1,149,959)**	(1,540,153)
	802,648	635,794

Non-current portion consists of the following:

Unearned revenue (i)	**47,968**	48,758
Deferred income	**1,043,473**	1,431,594
Advances from customers	**32,877**	32,877
Security deposits	**25,641**	26,924
	1,149,959	1,540,153

24 TRADE AND OTHER PAYABLES continued

(i) Unearned revenue is expected to be recognised in the future related to the performance obligation that are unsatisfied or partially unsatisfied as follows:

	2023	*2022*
	AED'000	*AED'000*
Within one year	**33,256**	17,580
After one year but not more than 5 years	**10,684**	8,701
More than 5 years	**38,333**	40,057
	82,273	66,338

25 REVENUE

	2023	*2022*
	AED'000	*AED'000*
Type of goods or services		
Revenue from sale of cosmetics and rendering of related personal care services	**383,458**	360,500
Revenue from consultancy, training and coaching services	**354,878**	339,418
Revenue from district cooling services	**299,007**	296,324
Revenue from media and marketing services	**248,126**	121,173
Revenue from rentals	**8,414**	8,094
	1,293,883	1,125,509
Timing of revenue recognition		
Revenue at a point in time	**671,133**	857,935
Revenue over time	**622,750**	267,574
	1,293,883	1,125,509
Geographical markets		
United Arab Emirates	**1,286,003**	1,119,107
Kingdom of Saudi Arabia	**7,880**	6,402
	1,293,883	1,125,509

26 COST OF REVENUE

	2023	*2022*
	AED '000	*AED '000*
Staff cost	**237,123**	217,919
Electricity and water charges	**81,655**	93,800
Material and consumables	**70,917**	73,065
Direct cost of advertising agency and outdoor	**87,872**	50,490
Depreciation of property, plant and equipment (note 7)	**56,815**	52,061
Rent	**17,322**	6,581
Royalty fees from district cooling	**16,265**	14,929
Depreciation of investment property (note 8)	**5,136**	5,136
Repair and maintenance	**4,581**	4,760
Depreciation of right-of-use assets (note 10)	**29,857**	26,576
Cost incurred on leased properties	**3,220**	3,205
Amortisation of intangible assets (note 9)	**2,162**	2,162
Others	**17,561**	5,667
	630,486	556,351

27 GENERAL AND ADMINISTRATIVE EXPENSES

	2023	*2022*
	AED '000	*AED '000*
Staff cost	**141,631**	99,994
Legal and professional fees	**38,177**	20,549
Director remuneration	**9,078**	10,996
Rent, utilities and communication	**11,496**	9,862
Depreciation of property, plant and equipment (note 7)	**19,361**	15,852
Amortisation of intangible assets (note 9)	**28,072**	18,733
Depreciation of right-of-use assets (note 10)	**8,954**	4,731
Advertising and sponsorship	**4,161**	5,626
Repairs and maintenance	**6,377**	5,444
Allowance for expected credit losses	**3,210**	14,367
Printing charges	**6,292**	-
Others	**25,963**	31,410
	302,772	237,564

28 INVESTMENT AND OTHER INCOME

	2023	*2022*
	AED'000	*AED'000*
Change in fair value of investments carried at fair value through profit or loss (note 13)	**(561,587)**	18,095,400
Gain on disposal of property, plant and equipment	**706**	1,133
Dividend income	**485,469**	86,625
Interest income	**85,244**	26,829
Unwinding of discount on non-current receivable (note 14)	**146,225**	47,808
Amortization of deferred income (note 14)	**387,061**	116,647
Loss on reassessment of non-current receivables	**(169,616)**	-
Reversal of expected credit losses allowance	**17,138**	-
Others	**16,689**	21,526
	407,329	18,395,968

29 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year attributed to the owners of the Company by the weighted average number of shares in issue throughout the period as follows:

	2023	*2022*
Profit attributable to the owners of the Company (AED '000)	**330,470**	18,425,295
Weighted average number of shares (shares in '000)	**11,200,000**	11,200,000
Basic earnings per share for the period (AED)	**0.03**	1.65

As of 31 December 2023, the Group has not issued any dilutive instruments that have an impact on earnings per share when exercised.

30 CONTINGENT LIABILITIES AND COMMITMENTS

	2023	*2022*
	AED '000	*AED '000*
Letters of guarantee	**204,712**	3,718
Letters of credit	**642**	5,918
Commitment of capital expenditure	**316,442**	124,216

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

31 DIVIDENDS

Dividends attributable to non-controlling interest amounting to AED 46,682 thousand was declared and paid during the year (31 December 2022: AED 44,348 thousand).

32 SEGMENT REPORTING

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

Communications includes advertisement designing, production and commercial publication printing services.

Utilities includes the installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.

Driving training includes management and development of motor vehicles driving training.

Wellness includes health, wholesale cosmetics and make-up trading, women personal care and other grooming related services.

Asset management includes investments in financial assets and financing activities related to the investments.

32 SEGMENTAL REPORTING continued

	Communication		Utilities		Driving training		Wellness		Asset management		Total	
	2023 AED'000	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000	**2023 AED'000**	2022 AED'000
Revenue	**247,362**	119,510	**299,007**	296,324	**364,056**	347,511	**383,458**	360,501	**-**	1,663	**1,293,883**	1,125,509
Cost of revenue	**(149,603)**	(79,253)	**(145,414)**	(151,056)	**(80,670)**	(70,182)	**(254,799)**	(254,169)	**-**	(1,691)	**(630,486)**	(556,351)
GROSS PROFIT	**97,759**	40,257	**153,593**	145,268	**283,386**	277,329	**128,659**	106,332	**-**	(28)	**663,397**	569,158
Investment and other income	**9,617**	49	**43,885**	4,817	**49,367**	35,859	**8,553**	2,670	**295,907**	18,352,573	**407,329**	18,395,968
Share of profit from investment in a joint venture	**-**	-	**228,558**	(14,533)	**-**	-	**-**	-	**-**	-	**228,558**	(14,533)
Finance costs	**(1,979)**	(612)	**(20,717)**	(10,928)	**(4,677)**	(4,347)	**(10,125)**	(3,978)	**(378,139)**	(130,216)	**(415,637)**	(150,081)
General and administrative expenses	**(51,207)**	(32,537)	**(21,158)**	(29,562)	**(81,406)**	(72,368)	**(76,206)**	(66,165)	**(72,795)**	(36,932)	**(302,772)**	(237,564)
PROFIT (LOSS) FOR THE YEAR	**54,190**	7,157	**384,161**	95,062	**246,670**	236,473	**50,881**	38,859	**(155,027)**	18,185,397	**580,875**	18,562,948
Tax expense	**(5,646)**	-	**-**	-	**3,842**	-	**(27,083)**	-	**-**	-	**(28,887)**	-
PROFIT (LOSS) FOR THE YEAR AFTER TAX	**48,544**	7,157	**384,161**	95,062	**250,512**	236,473	**23,798**	38,859	**(155,027)**	18,185,397	**551,988**	18,562,948
	31 December 2023 AED'000	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000	**31 December 2023 AED'000**	31 December 2022 AED'000
Segment assets	**307,326**	225,467	**4,205,448**	3,271,914	**1,214,497**	1,069,410	**694,928**	645,263	**35,736,450**	35,993,828	**42,158,649**	41,205,882
Segment liabilities	**164,458**	68,260	**1,173,265**	1,554,155	**103,790**	119,603	**355,568**	312,047	**10,174,956**	9,771,110	**11,972,037**	11,825,175

33 FINANCIAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, lease liabilities, loan from related parties less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2023	*2022*
	AED '000	*AED '000*
Borrowings (note 22)	**9,590,142**	8,463,338
Lease liabilities (note 10)	**134,237**	106,862
Loan from related parties (note 19.1)	**38,462**	73,618
Cash and bank balances (note 16)	**(1,557,277)**	(1,033,141)
Net debt	**8,205,564**	7,610,677
Total equity	**28,901,501**	28,527,488
Total equity and net debt	**37,107,065**	36,138,165
Gearing ratio	**22.11%**	21.06%

Financial risk management objectives
The Group is exposed to the following risks related to financial instruments – market risk (including foreign exchange risk, price risk and cash flow risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to optimise potential adverse effects on the Group's financial performance.

Market risk management
Foreign exchange risk
The Group does not have any significant exposure to currency risk as most of its monetary assets and liabilities are denominated in UAE Dirhams or in US Dollars, the latter being pegged to the UAE Dirham.

Price risk
The Group is exposed to equity securities price risk because of quoted investments held by the Group. The Group's quoted investment portfolio amounted to AED 32,929,771 thousand (2022: AED 33,873,761 thousand). At the reporting date if the prices of investments were 5% higher/lower with all other variables held constant, the Group's equity and profit or loss would have increased/decreased as follows:

	2023	*2022*
	AED '000	*AED '000*
Impact on the Group's profit for the year (increase/decrease)	**1,644,656**	1,691,877
Impact on the Group's other comprehensive income for the year (increase/decrease)	**1,833**	1,811

33 FINANCIAL RISK MANAGEMENT continued

Market risk management continued

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. At 31 December 2023, if interest rates on the borrowings had been 100 basis points lower/higher with all other variables held constant, profit for the year would have been increased or decreased by AED 19,832 thousand (2022: AED 8,646 thousand).

Credit risk management

Credit risk is managed on Group basis, except for credit risk relating to accounts receivables balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case by case basis. The utilisation of credit limits is regularly monitored. The Group's policy is to place cash and cash equivalents and short terms deposits with reputable banks and financial institutions.

There are no significant concentrations of credit risk within the Group. There are policies in place to ensure that services are rendered to customers with an appropriate credit history. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk management

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

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.

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

	On demand AED'000	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*More than 5 years AED'000*	*Total AED'000*
At 31 December 2023						
Borrowings	**-**	**114,630**	**1,527,893**	**8,876,689**	**58,275**	**10,577,487**
Loan from related parties	**5,015**	**11,288**	**1,662**	**20,497**	**-**	**38,462**
Lease liabilities	**-**	**12,619**	**24,950**	**68,107**	**96,884**	**202,560**
Due to related parties	**-**	**160,502**	**-**	**-**	**-**	**160,502**
Trade and other payables	**-**	**107,395**	**-**	**-**	**-**	**107,395**
Total	**5,015**	**406,434**	**1,554,505**	**8,965,293**	**155,159**	**11,086,406**
At 31 December 2022						
Borrowings	-	172,226	407,778	8,848,547	65,846	9,494,397
Loan from related parties	-	-	43,911	35,042	-	78,953
Lease liabilities	-	11,123	22,843	54,032	74,612	162,610
Due to related parties	-	960,763	-	-	-	960,763
Trade and other payables	-	73,874	-	-	-	73,874
Total	-	1,217,986	474,532	8,937,621	140,458	10,770,597

34 FAIR VALUES

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, trade receivables, due from related parties, investments carried at fair value through other comprehensive income, investments carried at fair value through profit or loss and some other current assets. Financial liabilities consist of trade payables, due to related parties and some other current liabilities.

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

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 measured at fair value	***Fair value as at*** ***31 December 2023 AED'000***	*31 December 2022 AED'000*	***Fair value hierarchy***	***Valuation techniques***
Quoted equity investments – investment in financial assets	**32,929,771**	33,873,761	Level 1	Quoted bid prices in an active market
Unquoted equity investments – investment in financial assets	**493,919**	103,855	Level 3	Market approach
Assets for which fair value is disclosed				
Investment properties	**164,100**	148,500	Level 2	Market comparable method

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