

INVICTUS INVESTMENT COMPANY PLC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**AS AT AND FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2023**

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Invictus Investment Company PLC (the “Company”) and its subsidiary (together referred to as the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month period then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2023, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Emphasis of matters:

- a. We draw attention to Note 14 to the interim condensed consolidated financial statements which describes that the Group has not complied with certain financial covenants and has not yet assessed the compliance with another covenant as at 30 June 2023 as per the underlying borrowing facility agreement.
- b. We draw attention to Note 24 (a) to the interim condensed consolidated financial statements which describes the Group’s exposure on certain assets as at 30 June 2023.

Our opinion is not modified in respect of the above matters.

Conclusion

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

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner

11 August 2023

Abu Dhabi, United Arab Emirates

INVICTUS INVESTMENT COMPANY PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six month period ended 30 June 2023 (Unaudited)

	<i>Notes</i>	<i>Three month period ended 30 June (Unaudited)</i>		<i>Six month period ended 30 June (Unaudited)</i>	
		<i>2023 AED</i>	<i>2022 AED</i>	<i>2023 AED</i>	<i>2022 AED</i>
Revenue	3	1,925,605,107	1,468,624,436	4,239,329,290	3,234,803,147
Direct costs		(1,847,783,650)	(1,342,992,099)	(4,030,361,060)	(2,895,562,486)
GROSS PROFIT		77,821,457	125,632,337	208,968,230	339,240,661
Other income	4	3,440,108	-	4,608,424	-
Finance income	5	11,046,111	518,511	19,447,095	608,669
Share of profit of an associate		976,722	-	1,069,420	-
Selling, general and administrative expenses, net	6	(19,944,714)	(13,087,724)	(47,562,351)	(20,726,637)
Finance costs	7	(29,959,070)	(10,360,074)	(50,024,376)	(17,857,661)
PROFIT FOR THE PERIOD		43,380,614	102,703,050	136,506,442	301,265,032
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD		43,380,614	102,703,050	136,506,442	301,265,032
Earnings per share for the period – basic and diluted (AED)	17	0.04	0.24	0.12	0.95

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
	Notes		
ASSETS			
Non-current assets			
Property and equipment	8	21,881,744	5,341,990
Intangible assets		1,206,853	1,281,259
Right-of-use assets		7,258,171	-
Investment in an associate		5,969,419	4,900,000
		<u>36,316,187</u>	<u>11,523,249</u>
Current assets			
Inventories	9	775,639,926	583,509,634
Trade and other receivables	10	1,585,726,564	1,421,588,516
Due from related parties	11	407,479	938,970
Other financial assets		71,378,520	144,394,959
Bank balances and cash	12	394,326,409	537,594,870
		<u>2,827,478,898</u>	<u>2,688,026,949</u>
TOTAL ASSETS		<u>2,863,795,085</u>	<u>2,699,550,198</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	280,000,000	280,000,000
Share premium	13	294,000,000	294,000,000
Retained earnings		416,093,160	454,586,718
Total equity		<u>990,093,160</u>	<u>1,028,586,718</u>
Non-current liabilities			
Lease liabilities		6,839,615	-
Provision for employee end of service benefits		141,796	-
		<u>6,981,411</u>	<u>-</u>
Current liabilities			
Bank borrowings	14	1,087,231,409	734,484,852
Trade and other payables	15	759,075,570	895,548,915
Due to related parties	11	19,942,004	21,868,160
Lease liabilities		471,531	-
Dividends payable	16	-	19,061,553
		<u>1,866,720,514</u>	<u>1,670,963,480</u>
Total liabilities		<u>1,873,701,925</u>	<u>1,670,963,480</u>
TOTAL EQUITY AND LIABILITIES		<u>2,863,795,085</u>	<u>2,699,550,198</u>



Osama Daoud Abdel Latif
Chairman




Amir Daoud Abdellatif Ibrahim
Managing Director

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2023 (Unaudited)

	<i>Share capital AED</i>	<i>Share premium AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 January 2023 (Unaudited)	280,000,000	294,000,000	454,586,718	1,028,586,718
Total comprehensive income for the period*	-	-	136,506,442	136,506,442
Dividends declared #	-	-	(175,000,000)	(175,000,000)
At 30 June 2023 (Unaudited)	280,000,000	294,000,000	416,093,160	990,093,160

	<i>Share capital AED</i>	<i>Share premium AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 January 2022 (Unaudited)	-	-	250,000,000	250,000,000
Conversion to share capital (Acquisition of an entity under common control) (note 13)	250,000,000	-	(250,000,000)	-
Issuance of share capital	30,000,000	294,000,000	-	324,000,000
Total comprehensive income for the period	-	-	301,265,032	301,265,032
At 30 June 2022 (Unaudited)	280,000,000	294,000,000	301,265,032	875,265,032

On 3 March 2023, the Board of Directors declared a dividend payout of 38.496505% of reported net profit for the year ended 31 December 2022, equivalent of AED 175,000,000. The dividend was approved in the Annual General Meeting held on 7 April 2023 and was paid during the period ended 30 June 2023 (unaudited). Refer Note 16 for details.

INVICTUS INVESTMENT COMPANY PLC

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2023 (Unaudited)

		<i>Six-month period ended 30 June</i>	
		<i>2023 AED (Unaudited)</i>	<i>2022 AED (Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		136,506,442	301,265,032
Adjustments for:			
Depreciation of property and equipment		463,240	29,168
Depreciation on right-of-use assets		106,114	-
Amortisation of intangible assets		214,806	-
Finance costs	7	49,870,554	17,857,661
Interest on lease liabilities		153,822	-
Interest income	5	(19,447,095)	(608,669)
Provision for allowance for expected credit losses		1,408,635	390,931
Provision for impairment of advance to suppliers	6	1,498,376	
Gain on derivative instruments carried at fair value through profit or loss		(18,062,048)	-
Provision for inventories		(3,681,507)	-
Credit balances no longer required written back	4	(4,608,425)	-
Provision for employees' end of service benefits		141,796	844,013
Share of profit of an associate		(1,069,419)	-
		143,495,291	319,778,136
Changes in working capital:			
Inventories		(188,448,785)	(948,032)
Trade and other receivables		(139,172,975)	(388,778,719)
Trade and other payables		(140,048,602)	70,003,930
Due from related parties		531,490	6,874,187
Due to related parties		(1,926,156)	23,545,093
Net cash flows (used in) / generated from operating activities		(325,569,737)	30,474,595
INVESTING ACTIVITIES			
Additions to property and equipment	8	(17,002,994)	(1,514,410)
Additions to intangible assets		(140,400)	-
Interest income received		9,637,059	608,669
Net cash flows used in investing activities		(7,506,335)	(905,741)
FINANCING ACTIVITIES			
Availment of bank borrowings		1,953,328,391	856,721,330
Repayment of bank borrowings		(1,600,581,834)	(763,575,761)
Margin money deposits placed		(56,668,270)	(53,070,765)
Margin money deposits released		129,684,709	16,734,380
Payment of lease liabilities		(206,965)	-
Interest paid		(41,686,868)	(17,857,661)
Dividends paid		(194,061,552)	(15,930,016)
Net cash flows from financing activities		189,807,611	23,021,507
NET (DECREASE)/INCREASE IN BANK BALANCES AND CASH		(143,268,461)	52,590,361
Bank balances and cash, at 1 January		537,594,870	16,669,130
BANK BALANCES AND CASH AS AT 30 JUNE		394,326,409	69,259,491

The accompanying notes 1 to 24 form an integral part of these interim condensed consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

1 ACTIVITIES

Invictus Investment Company Plc (the "Company") was incorporated on 1 March 2022 and registered under commercial license no 7055 as a public limited company by shares in Abu Dhabi, United Arab Emirates ("UAE") in accordance with the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020. The registered office of the Company is 3501, Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE.

Upon incorporation, IHC Food Holding LLC, an entity registered in Abu Dhabi, UAE, owned 100% legal shareholding interest in the Company. Pursuant to an agreement dated 29 April 2022 between IHC Food Holding LLC and Invictus Holding Limited, an entity registered with the Dubai International Financial Centre (DIFC), Dubai, UAE, the latter transferred its legal ownership interest (100%) in Invictus Trading FZE, including its related assets and liabilities, to the Company (the "transaction"). In conjunction and contemporaneous with the transaction, Invictus Holding Limited (75.0738%) and IHC Food Holding LLC (24.9262 %) became the legal shareholders of the Company. The legal formalities in relation to the transaction were completed on 16 June 2022.

Post the transaction, the Company now holds 100% of the equity of Invictus Trading FZE (the "Subsidiary"), an entity registered under trade license no 141280 as a free zone establishment with limited liability in Dubai, UAE.

Subsequently, the Company commenced the process of listing of its shares on the Secondary Market of the Abu Dhabi Securities Exchange (ADX), UAE and also issued an additional 120,000,000 shares representing 10.7143% of the Company's share capital to Al Ataa Investment LLC, an entity registered in Abu Dhabi, UAE, on 16 June 2022. The regulator approved the listing of the Company's shares in the ADX Second Market on 29 June 2022. Post listing, Al Ataa Investment LLC transferred its entire shareholding interest to various shareholders as part of the Second Market trading transaction.

On 25 October 2022, the Company incorporated Invictus Logistics Holding Company Limited (as a wholly owned subsidiary) which is registered under trade license no 8501 as a private company limited under the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020 in Abu Dhabi, UAE. There are no commercial operations in Invictus Logistics Holding Company Limited since inception until 30 June 2023.

On 1 December 2022, IHC Food Holding LLC sold its shareholding of 22.32% to Green Parks Investments, an entity registered in Abu Dhabi, UAE.

On 22 December 2022, the Company registered in Turkey with a tax identification number 4651428132 to comply with a Turkish law enacted about the tax identification number of non-Turkish individuals (including non-Turkish legal entities) and it is used as an identification number of the non-Turkish individual or non-Turkish legal entity. The potential tax ID registration does not constitute establishment of a legal presence in Turkey. This registration was undertaken to facilitate movement of goods imported into Turkey to a bonded warehouse.

As at 30 June 2023, the Shareholders of the Company are Invictus Holding Limited (holding 66.9643%) (the "Parent"), Green Park Investments (holding 22.3214%) (together referred as "major shareholders") and various other shareholders (holding 10.7143%).

The Ultimate Beneficiaries of the Parent are Abdellatif family members (the "Ultimate Beneficiaries").

The Company together with the subsidiaries is referred to as the "Group". The principal activities of the Group are trading of agricultural commodities, food products, non-manufactured precious metal trading and other general items and providing sea cargo services and sea shipping line agents services.

The interim condensed consolidated financial statements have been approved by the Board of Directors on 11 August 2023.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group for the three-month period ended 30 June 2023 have been prepared in accordance with International Accounting Standard (“IAS”) 34: *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the Company’s functional currency.

The interim condensed consolidated financial statements have been presented on the historical cost basis except for derivative financial instruments which are measured at fair value.

Results for the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Certain numbers have been reclassified from the Group’s prior period condensed consolidated interim financial statements to conform to the current period’s presentation.

2.2 BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Group is exposed, 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
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights 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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial statements on the basis described above requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended 31 December 2022, except as indicated below:

Judgments

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

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

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 lease contracts that include extension and termination options. The Group applies judgment 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 that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Going concern

Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has adequate resources to continue in business for the foreseeable future. Refer Note 24 (b) for details on liquidity risk management. Furthermore, Management and Shareholders are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, these interim condensed consolidated financial statements have been prepared on the going concern basis.

Key sources of estimation uncertainty***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 or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2022, except as follows:

a. New IFRS standards, interpretations and amendments in issue and effective

The following new IFRS standards, interpretations and amendments, which became effective as on 1 January 2023 (unless otherwise stated), have been adopted in these interim condensed consolidated financial statements:

- IFRS 17 Insurance Contracts
- Definition of Accounting Estimate – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These above amendments had no impact on the interim condensed consolidated financial statements of the Group.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

b. New and amended IFRS standards, amendments and interpretations in issue but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, as at 30 June 2023 are disclosed below:

<i>New standards or amendments</i>	<i>Effective date</i>
• Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024
• Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2024
• IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Effective date deferred indefinitely

Management does not expect the adoption of the above new IFRS standards, amendments and interpretations, to have a material impact on the consolidated financial statements of the Group in future periods.

c. Material accounting policy information

Leases - Group as a lessee

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.

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.

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). Subsequent to initial recognition, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement 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 as follows:

- | | |
|--------|----------|
| • Land | 30 years |
|--------|----------|

The right-of-use assets are also subject to impairment considerations like other non-financial assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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 lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate, as applicable, at the lease commencement date since 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 re-measured 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.

Short-term leases and low-value assets

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

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

3 REVENUE

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Type of goods or service and timing of revenue recognition</i>				
Sale of goods - at a point in time	1,920,965,744	1,468,624,436	4,228,304,628	3,234,803,147
Freight services - over time	4,639,363	-	11,024,662	-
	1,925,605,107	1,468,624,436	4,239,329,290	3,234,803,147

3.1 Disaggregated revenue information

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

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Geographical markets				
Africa	987,488,576	1,100,347,523	2,700,272,023	2,177,581,641
Middle East	769,496,373	122,780,254	1,252,274,143	458,654,132
Asia	162,531,169	107,302,314	264,593,242	171,095,300
Europe	1,449,626	134,827,994	9,238,903	424,105,723
United States of America	-	3,366,351	1,926,317	3,366,351
	1,920,965,744	1,468,624,436	4,228,304,628	3,234,803,147
Major category of customers				
Corporate and other customers	1,583,087,806	485,781,860	2,808,025,953	1,242,611,674
Related parties (note 11)	337,877,938	982,842,576	1,420,278,675	1,992,191,473
	1,920,965,744	1,468,624,436	4,228,304,628	3,234,803,147
Major product lines				
Wheat	595,543,987	552,531,216	1,734,951,141	1,480,960,189
Soya Bean Meal and Oil	623,630,712	-	960,961,998	-
Corn	447,450,555	-	466,209,609	-
Sugar	29,166,501	185,841,200	327,139,500	393,727,092
Capital equipment and spare parts	31,523,302	94,978,730	130,113,369	161,126,338
Pelleted Bran	34,077,176	37,105,893	89,338,663	109,598,037
Ground nut oil, cake and kernels	29,855,094	44,043,863	77,561,269	52,545,012
Sesame	35,157,418	50,260,612	75,904,613	82,538,235
Barley	26,766,241	-	61,358,963	-
Sunflower seed and oil	3,852,977	-	49,983,668	-
Milk powder	20,652,724	103,412,549	49,899,254	144,747,565
Urea	-	140,047,659	45,667,408	140,047,659
Packaging Materials	7,627,833	71,917,719	42,798,800	121,052,760
Yeast	13,593,709	15,785,436	37,713,888	29,013,707
Gold	-	65,548,584	-	324,230,859
Others (mainly, Lentils, Yeast etc.)	22,067,515	107,150,975	78,702,485	195,215,694
	1,920,965,744	1,468,624,436	4,228,304,628	3,234,803,147
Services				
Freight services	4,639,363	-	11,024,662	-

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

4 OTHER INCOME

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023 AED</i>	<i>2022 AED</i>	<i>2023 AED</i>	<i>2022 AED</i>
Balances no longer required written back	3,440,108	-	4,608,424	-

5 FINANCE INCOME

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023 AED</i>	<i>2022 AED</i>	<i>2023 AED</i>	<i>2022 AED</i>
Interest from customers	8,768,974	-	14,926,906	-
Interest on short term deposits	2,277,137	20,421	4,520,189	110,579
Interest from related parties	-	498,090	-	498,090
	11,046,111	518,511	19,447,095	608,669

6 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, NET

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023 AED</i>	<i>2022 AED</i>	<i>2023 AED</i>	<i>2022 AED</i>
Staff salaries and benefits	10,133,143	6,803,716	20,629,539	12,927,169
Consultancy expenses	4,938,562	678,609	10,080,353	1,174,129
Foreign exchange loss, net	3,296,853	912,995	6,755,740	912,995
(Reversal)/provision for allowances for expected credit losses	(3,272,748)	295,964	1,408,635	390,931
(Reversal)/provision for impairment of advance to suppliers	1,500,000	-	1,498,376	-
Office expenses	329,780	195,372	1,012,843	320,044
Legal and professional expenses	269,768	969,750	712,618	1,004,457
Depreciation for property and equipment	293,808	14,288	463,240	29,168
Rental expenses for short term and low value leases	-	375,000	-	750,000
Travelling expenses	166,175	197,549	423,853	296,944
Information technology expenses	140,071	430,370	346,266	673,548
Amortisation of intangible assets	112,303	-	214,806	-
Depreciation on right-of-use assets	57,731	-	106,114	-
Other expenses	1,979,268	2,214,111	3,909,968	2,247,252
	19,944,714	13,087,724	47,562,351	20,726,637

Other expenses primarily include vehicle maintenance, utilities and insurance expenses.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

7 FINANCE COSTS

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2023 AED</i>	<i>2022 AED</i>	<i>2023 AED</i>	<i>2022 AED</i>
Interest on bank borrowings	22,901,585	5,923,328	39,421,920	10,915,301
Interest on lease liabilities	72,378	-	153,822	-
Other finance costs	6,985,107	4,436,746	10,448,634	6,942,360
	29,959,070	10,360,074	50,024,376	17,857,661

8 PROPERTY AND EQUIPMENT

During the six-month period ended 30 June 2023, the Group acquired assets with a cost of AED 17,002,994 (30 June 2022: AED 1,514,410) (unaudited) which included a building (for office) acquired from a related party for AED 14,159,738. The building is pledged as security against bank borrowings (note 14).

There are no significant disposals during the period ended 30 June 2023 and 30 June 2022 (unaudited).

9 INVENTORIES

	<i>30 June 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Goods held for sale	543,889,906	100,724,608
Goods in transit	231,750,020	482,785,026
Lower of cost or net realisable value	775,639,926	583,509,634

During the six-month ended 30 June 2023, the Group has provided provision of AED 3,784,917 (unaudited) (31 December 2022 (audited: Nil) for inventories.

At 30 June 2023, inventories, including those in transit, amounting to AED 174,619,465 (unaudited) (31 December 2022: (audited): AED 315,826,233) are held at, and in transit, to Sudan.

Inventories are pledged as security against bank borrowings (note 14).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

10 TRADE AND OTHER RECEIVABLES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade receivables	1,496,902,528	1,302,231,703
Less: allowance for expected credit losses	(1,805,784)	(816,493)
	1,495,096,744	1,301,415,210
Advance to suppliers, net	66,849,305	110,450,796
Prepayments	3,264,351	408,042
VAT receivables	9,072,419	6,901,880
Deposits	615,303	601,705
Other receivables	10,828,442	1,810,883
	1,585,726,564	1,421,588,516

The carrying amounts of the trade and other receivables are reasonable approximation to their fair value due to their short term nature.

As at reporting date, the unimpaired trade receivables includes the following:

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Corporate and other customers	417,935,952	269,860,260
Related party receivables		
Affiliates / Entities under common control of Ultimate Beneficiaries	1,077,160,792	1,031,554,950
	1,495,096,744	1,301,415,210

At 30 June 2023, trade receivables amounting to AED 1,035,948,487 (unaudited) (31 December 2022: (audited): AED 1,024,644,131) pertain to customers based in Sudan.

Trade receivables are predominantly non-interest bearing unless otherwise agreed with the customers and are generally on 60 - 120 days credit terms. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable.

The ageing analysis of unimpaired trade receivables is as follows:

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>			
			<i>0-90 days AED</i>	<i>91-180 days AED</i>	<i>181-360 days AED</i>	<i>>360 days AED</i>
30 June 2023 (Unaudited)	1,495,096,744	504,200,852	753,294,157	235,448,435	1,865,025	288,275
31 December 2022 (audited)	1,301,415,210	567,476,950	679,385,036	54,093,711	119,327	340,186

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At 30 June 2023 (Unaudited)

10 TRADE AND OTHER RECEIVABLES (continued)

The movements in the allowance for expected credit losses (ECL) for trade receivables is as follows:

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	816,493	713,418
Allowance for expected credit losses for the period/year	1,408,635	103,075
Write off during the period/year	(419,344)	-
At the end of the period/year	<u>1,805,784</u>	<u>816,493</u>

The Group does not hold any collateral against trade receivables.

Receivables are assigned as security against bank borrowings (note 14).

11 RELATED PARTIES TRANSACTIONS AND BALANCES

The Group enters into transactions with entities that fall within the definition of a related party as per requirements of International Accounting Standard 24. The Group considers such transactions to be in the normal course of business and are at prices determined and approved by the management.

Related parties mainly represents the Parent, associate, major shareholders, directors, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties.

(a) *Significant transactions with related parties included in the interim condensed consolidated statements of profit or loss and other comprehensive income are as follows:*

	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2023 AED	2022 AED	2023 AED	2022 AED
<i>Affiliates / Entities under common control of Ultimate Beneficiaries</i>				
Revenue (note 3)	<u>337,877,938</u>	<u>982,842,576</u>	<u>1,420,278,675</u>	<u>1,992,191,473</u>
Purchases	<u>69,458,378</u>	<u>304,553,832</u>	<u>188,497,922</u>	<u>610,745,311</u>
Freight and shipping costs	<u>49,488,352</u>	<u>12,064,513</u>	<u>157,118,467</u>	<u>16,497,395</u>
Recharge of staff salaries and benefits	<u>4,578,759</u>	<u>6,803,716</u>	<u>13,818,375</u>	<u>12,927,169</u>
Finance income	<u>-</u>	<u>498,090</u>	<u>-</u>	<u>498,090</u>

During the six-month period ended 30 June 2023, property and equipment of AED 15,300,000 (unaudited) were purchased from a related party (for the six-month period ended 30 June 2022: Nil) (unaudited)).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

11 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties included in the interim condensed consolidated statement of financial position other than those disclosed in note 10 and note 15 are as follows:

	30 June 2023 AED (Unaudited)		31 December 2022 AED (Audited)	
	Amounts due from related parties	Amounts due to related parties	Amounts due from related parties	Amounts due to related parties
<i>Parent</i>				
Invictus Holding Limited	99,177	1,053	-	15,780,896
<i>Affiliates / Entities under common control of the Ultimate Beneficiaries*</i>				
Dal Group Co. Ltd	-	19,940,584	-	6,032,628
Other related parties	308,302	367	938,970	54,636
	407,479	19,942,004	938,970	21,868,160

Outstanding balances at the period / year-end arise in the normal course of business, are unsecured and settlement occurs generally in cash. The balances are predominantly non-interest bearing unless otherwise agreed with the related parties.

The Ultimate Beneficiaries have confirmed in writing to bear losses, if any, that arises on recoverability of the amounts due from related parties (including trade related receivables as disclosed in Note 10).

Certain investments are held by the Group for the beneficial interest of the Ultimate Beneficiaries.

(c) *Compensation of key management personnel*

Staff salaries and benefits include AED 4,941,953 (unaudited) for the compensation of key managerial personnel of the Group ((for the six- month period ended 30 June 2022: AED 5,076,113 recharged by a related party) (unaudited)).

(d) *Share capital*

As at 30 June 2023, the shareholding includes 0.39% of shares in the Company held by the Board of Directors amounting to AED 11,713,950 comprising 4,338,500 shares with a nominal value of AED 0.25 each issued at AED 2.7 per share (31 December 2022 (audited): 0.3064%, comprising 3,431,385 shares amounting to AED 9,264,740).

12 BANK BALANCES AND CASH

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Short-term deposits	324,450,011	323,000,000
Bank balances	69,873,051	214,585,728
Cash in hand	3,347	9,142
	394,326,409	537,594,870

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2023 (Unaudited)

13 SHARE CAPITAL AND SHARE PREMIUM

	<i>30 June 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Share capital</i>		
<i>Authorised, issued, subscribed and fully paid up</i>		
1,120,000,000 share of AED 0.25 each	280,000,000	280,000,000

Conversion to share capital

During the year ended 31 December 2022, the shareholders had resolved to convert AED 250,000,000 of retained earnings into 1,000,000,000 shares with a nominal value of AED 0.25.

Issuance of additional share capital

During the year ended 31 December 2022, the shareholders had issued 120,000,000 shares with a nominal value of AED 0.25 each at AED 2.70 per share.

The excess consideration over the nominal value amounting to AED 294,000,000 is recorded as share premium.

14 BANK BORROWINGS

	<i>30 June 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Trust receipts (i)	556,035,545	734,484,852
Term loan I (ii)	347,545,864	-
Term loan II (iii)	183,650,000	-
	1,087,231,409	734,484,852

(i) Trust receipts were obtained primarily to finance the Group's working capital requirements and carry interest at commercial rates. Such borrowings are denominated in AED and are short term in nature. As at 30 June 2023 (unaudited), the Group has pledged margin deposits of AED 11,388,470 (31 December 2022 (audited): AED 144,394,959) against the bank facilities availed, which are reflected as other financial assets in the interim condensed consolidated statement of financial position.

The above facility is jointly obtained with the following related parties under the common control of the Ultimate Beneficiaries:

- Dal Group Co. Ltd, Sudan
- Sayga Flour Mill, Sudan
- Sayga Trading Co, Sudan
- The Sudanese Tractor Establishment, Sudan
- Sudanese Liquid Air Establishment Ltd, Sudan
- Sayga Investment Establishment Ltd, Sudan
- Sayga Food Industries Complex, Sudan
- DAL Engineering Establishment Ltd, Sudan
- DAL Motors Establishment Ltd, Sudan
- Dal Food Industries Establishment Ltd, Sudan
- Blue Nile Dairy Establishment, Sudan
- Dal Medical Services, Sudan
- D.A.L Agricultural Services Co Ltd, Sudan, and
- Ezentus FZE, UAE.

INVICTUS INVESTMENT COMPANY PLC

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At 30 June 2023 (Unaudited)

14 BANK BORROWINGS (continued)

(ii) Term loan I was obtained primarily towards the Group's working capital requirements. The loan is denominated in USD and carries interest at commercial rates. Such borrowings are short term in nature.

(iii) Term loan II was obtained primarily towards the Group's working capital requirements. The loan is denominated in USD and carries interest at commercial rates. The loan is repayable in equal monthly installments commencing 4 months prior to the third year coinciding with the maturity of the loan.

(iv) The above borrowings are mainly secured by the following:

- a. Irrevocable corporate guarantee from various related parties which are under the common control of the ultimate beneficiaries located in Sudan and UAE;
- b. Registered mortgage over property of located in plot no. W34, DAFZA, Dubai, UAE (note 8);
- c. Registered mortgage / floating charges over property and equipment located in Sudan in favour of bank with aggregate mortgage value, covering the entire facilities of the bank;
- d. Assignment of insurance policy over all assets mortgaged/pledged in favour of bank; and
- e. Bill of lading endorsed in favour of the bank and receivables and inventories pledged in favour of bank (note 9,10).

(v) Under the terms of the borrowing facility agreements, the Group is required to comply with certain financial covenants which are tested on quarterly, semi-annually and annual basis. The compliance certificates are to be submitted to the financial institutions within two months from the respective compliance test date.

- The Group did not comply with the covenant on leverage ratio as stipulated in the Term loan I facility agreement with a commercial bank in UAE. Subsequent to 30 June 2023, the Group has obtained a waiver to comply with the covenant from the financial institution.
- In respect of the covenants stipulated in the Term loan II facility agreement with a financial institution in the United Kingdom,
 - a. the Group's management is yet to assess the compliance on the Group leverage ratio covenant which pertains to the guarantor's (i.e. certain entities in Sudan and UAE which are under the common control of the ultimate beneficiaries) financial results and position as at 30 June 2023, and the due date for filing such compliance certificate with the financial institution is on or before 31 August 2023. There was no non-compliance based on the test performed as at 31 December 2022 (i.e. last test date).
 - b. the Group did not comply with the covenant relating to submission of certain legal and financial documents and has obtained a waiver before 30 June 2023 to submit the required documents on or before 30 September 2023.

Consequently, as per requirements of IFRS, the Group has classified such borrowings as current in nature as at 30 June 2023. As of the date of authorisation of the interim condensed consolidated financial statements, the lenders did not request accelerated repayment of the borrowings and the terms of the loan were not changed.

15 TRADE AND OTHER PAYABLES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade payables	616,456,874	796,147,214
Accruals	121,353,608	67,126,141
Contract liabilities (Advance from customers)	21,265,088	27,375,560
Other payable	-	4,900,000
	<u>759,075,570</u>	<u>895,548,915</u>

As at 30 June 2023, trade payables includes amount due to related parties of AED 9,150,181 (unaudited) (31 December 2022 (audited): AED 16,695,339).

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At 30 June 2023 (Unaudited)

16 DIVIDEND PAYABLE

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	19,061,553	91,767,156
Dividend declared during the period/year	175,000,000	-
Dividends paid during the period / year	(194,061,553)	(11,777,041)
Dividends offset against amounts due from a related party	-	(60,928,562)
Balance at the end of the period / year	-	19,061,553

At 31 December 2022, the outstanding dividend payable pertained to the erstwhile shareholders of Invictus Trading FZE (the “Subsidiary”). This was paid during the six-months period ended 30 June 2023.

17 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period.

	Three-month period ended 30 June (Unaudited)		Six-month period ended 30 June (Unaudited)	
	2023 AED	2022 AED	2023 AED	2022 AED
Profit for the period	43,380,614	102,703,050	136,506,441	301,265,032
Weighted average number of shares	1,120,000,000	423,408,214	1,120,000,000	315,867,762
	0.04	0.24	0.12	0.95

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

18 SEGMENTAL REPORTING

The Group operates in the single reporting segment of trading of agricultural commodities, non manufactured precious metals and other general products. All the relevant information relating to this reporting/operating segment is disclosed in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss and other comprehensive income and notes to the interim condensed consolidated financial statements. For management purposes, the Group is organised into single reportable segment, i.e. trading of agricultural commodities, food products, non-manufactured precious metal trading and other general items.

The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of the segment for the purpose of making decisions about performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. The entity wide disclosures as required by IFRS 8 on information about products, geographical areas and major customers is reflected in note 3 of these interim condensed consolidated financial statements.

Additional information required by IFRS 8, “Segment reporting”, is disclosed below:

Major customers

During the six-month period ended 30 June 2023 (unaudited) there was two customers of the Group with the revenues greater than 10% of the total revenue of the Group (six-month period ended 30 June 2022 (unaudited): 3 customers).

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At 30 June 2023 (Unaudited)

19 CONTINGENCIES AND COMMITMENTS

(a) Contingencies

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Cross corporate guarantee for loans obtained by related parties	222,703,392	241,100,365
Bank guarantee	65,000,000	65,000,000
Corporate guarantee	-	136,656,986
	287,703,392	442,757,351

(b) Significant commitments

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Upgrade and overhaul of vessel	1,617,163	1,275,348
Purchase of vessels/ships	66,150,000	66,150,000
Share of associate's commitment	24,000,734	18,007,500
Upgrade and maintenance expenses of Building	2,114,913	-
	93,882,810	85,432,848

20 FAIR VALUE MEASUREMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of bank balances, trade receivable, deposits, other receivables, amounts due from related parties and other financial assets. Financial liabilities consist of bank borrowings, trade payables, accruals, amounts due to related parties and dividend payable.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

21 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the six-month period / year ended 30 June 2023 and 31 December 2022, respectively. Capital comprises share capital, share premium and retained earnings and is measured at AED 990,093,160 (unaudited) (31 December 2022 (audited): AED 1,028,586,718).

22 SEASONALITY OF RESULTS

The nature of Group's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed consolidated financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

23 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.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing 1 January 2024. Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the six-month period ended 30 June 2023. As certain other cabinet decisions are pending as on the date of these interim consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

24 RISK MANAGEMENT

The executive management of the Group has overall responsibility for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors exercise oversight of the risk management framework.

The significant risks arising from the Group's financial instruments are:

(a) Concentration of geographical risk

Some of the customers of the Group are based in Sudan which has witnessed an ongoing conflict since April 2023 between the army and a militia in the capital city of Khartoum only. The Group's balance sheet exposure in Sudan as at the reporting date is disclosed in Notes 9 and 10 to the interim condensed consolidated financial statements. Compared to the group's exposure in Sudan as at 31 March 2023, exposure related to receivables and inventories had reduced by AED 491,563,517 and AED 113,577,383 respectively.

Given the Group's customers in Sudan are mainly involved in the food processing and distribution sectors and play a key role in meeting the country's food security needs, they have remained largely unaffected by these developments albeit there is a slow-down in their operations. Banking operations in Sudan which were initially affected are gradually being operational.

The Group's management has undertaken a lot of comprehensive measures including accessing additional banking facility, extended credit terms with few suppliers and collections of funds from customers in Sudan.

The Group's management believes that it will be unlikely that the ongoing conflict will have any significant impact on its exposure in Sudan as at 30 June 2023.

24 RISK MANAGEMENT (continued)

(b) Liquidity risk

The Group's management manages its liquidity risk by monitoring actual and forecasted cash flows attributable to its operational activities. Based on the 12-month rolling cash flow projections, the Group's management has concluded that there no material uncertainties in relation to its cash flows which is expected to be primarily generated from (a) trading and collections from customers; (b) managing supply chain requirements as majority of the purchase of commodities are based on customer orders (i.e. back to back in nature) and extending credit terms with suppliers; (c) rationalisation of expenditure and cost optimisation measures; and (d) availing additional funding from financial institutions.

During the 6 months period ended 30 June 2023, the Group has successfully availed an additional funding for AED 1,953,328,391 and repaid loans of AED 1,600,581,834 by accessing its facilities with the financial institutions to facilitate its operations. As at 30 June 2023, the Group had unutilised facilities amounting to AED 957,537,548. Refer Note 14 for further details. Further, the majority shareholder remains fully committed and has confirmed its willingness to extended necessary support, including financial assistance, to the Group.

(c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposure is primarily related to the financial assets as disclosed in Note 10, 11 and 12.

(d) Interest Rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest-bearing liabilities (Note 14).