Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

REPORT OF THE BOARD OF DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2023

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors have pleasure in submitting this report and the consolidated financial statements of Easy Lease Motor Cycle Rental P.S.C (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023.

Principal activity

Group is engaged in motorcycles trading, motorcycles repairing, motorcycles and car park rental and management valet parking services, delivery services, event management services, electric vehicle charging services, marine sports club and wholesale trading of ships and boats, computer systems and communication equipment software trading.

Financial results

Total revenue earned by the Group during the year ended 31 December 2023 was AED 298,547,383 (2022: AED 226,051,692). The profit for the year ended 31 December 2023 amounted to AED 36,078,892 (2022: AED 47,380,426).

Auditors

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

For and on behalf of the Board of Directors

CEO and Board Member

Board Member

25 January 2024

Abu Dhabi, United Arab Emirates

Easy Lease Motor Cycle Rental P.S.C and Its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EASY LEASE MOTOR CYCLE RENTAL P.S.C

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Easy Lease Motor Cycle Rental P.S.C (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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)* (the "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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EASY LEASE MOTOR CYCLE RENTAL P.S.C continued

Report on the Audit of the Consolidated Financial Statements continued

Revenue recognition
Revenue recognition is considered to be a key area of focus given that revenue is material and an important determinant of the Group's performance and profitability. The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services (refer note 2.5 to the consolidated financial statements for the revenue recognition policy of the Group).

During the year ended 31 December 2023, total revenue of the Group amounted to AED 298,547,383 (2022: AED 226,051,692). Given the magnitude of the amount and inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter.

To address the above risk, we performed the following procedures among others:

- We performed procedures to assess whether the revenue recognition criteria adopted by the Group is appropriate and is in line with the Group's accounting policy;
- Assessed the compliance of such policies with the applicable International Financial Reporting Standards;
- Obtained representative sample of transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- We have performed cut off procedures, including selecting the sample of transactions before and after the year end to evaluate the recognition in the current reporting period;
- Performed analytical procedures to identify inconsistencies and/or unusual movements during the year; and
- Assessed the adequacy of the Group's disclosure in the consolidated financial statements in connection with revenue recognition.

Business combinations within the scope of IFRS 3
During the year, the Group acquired control over the entities disclosed in note 3.1. External valuation specialists were engaged by the Group to perform the purchase price allocation exercise, including identification and fair valuation 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 regarding the allocation of the purchase price to the assets and liabilities acquired.

We have obtained the provisional purchase price allocation reports for material acquisitions prepared by the external valuers engaged by the Group. We involved our internal valuation specialists in reviewing the reports. The review included discussions with management and consideration of the reasonableness of the assumptions and valuations in line with our expectations. These key assumptions included cash flow projections based on revenues and earnings before interest and tax ('EBIT'), growth rates and discount rates.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EASY LEASE MOTOR CYCLE RENTAL P.S.C continued

Report on the Audit of the Consolidated Financial Statements continued

Other information
Other information consists of the information included in the report of the Board of Directors, other than the consolidated financial statements and our auditor's report thereon. 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 Memorandum 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 is responsible for overseeing the Group's financial reporting process.

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EASY LEASE MOTOR CYCLE RENTAL P.S.C continued

Report on the Audit of the Consolidated Financial Statements continued

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

- 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, action taken to eliminate threats or safeguards applied.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

EASY LEASE MOTOR CYCLE RENTAL P.S.C continued

Report on Other Legal and Regulatory Requirements

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

i) the Group has maintained proper books of account;

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

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

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

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

vi) note 24 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the year any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2023; and

viii) the Group made social contributions of AED nil (2022: AED 83,668).

Signed by:
Walid Joseph Nakfour
Partner
Ernst & Young
Registration No 5479

25 January 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue from contracts with customers	4	**298,547,383**	226,051,692
Direct costs	5	**(217,578,737)**	(154,446,588)
GROSS PROFIT		**80,968,646**	71,605,104
Administrative expenses	6	**(49,557,582)**	(36,119,115)
Change in fair value of investments carried at fair value through profit or loss	13	**(1,597,823)**	7,701,605
Fair value gain on revaluation of previously held equity interest	12	**1,768,416**	-
Share of profit (loss) from investment in an associate	12	**62,429**	(537,497)
Other income	7	**11,613,047**	7,085,435
Finance costs	8	**(3,438,041)**	(2,355,106)
PROFIT BEFORE TAX		**39,819,092**	47,380,426
Income tax expense	9	**(3,740,200)**	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**36,078,892**	47,380,426
Attributable to:			
Owners of the Company		**31,044,269**	44,089,106
Non-controlling interests		**5,034,623**	3,291,320
		36,078,892	47,380,426
Basic earnings per share	18	**1.03**	1.47

The attached notes 1 to 28 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property and equipment	10	127,338,766	114,228,907
Intangible assets and goodwill	11	95,769,884	44,276,630
Investment in an associate	12	-	3,142,503
Right-of-use assets	21	9,151,738	3,454,380
		232,260,388	165,102,420
Current assets			
Inventories - spare parts and consumables		6,372,034	5,657,247
Investments carried at fair value through profit or loss	13	23,998,311	20,669,416
Trade and other receivables	14	82,280,685	60,399,784
Amounts due from related parties	24	373,547	537,158
Bank balances and cash	15	30,922,352	19,710,663
		143,946,929	106,974,268
TOTAL ASSETS		376,207,317	272,076,688
EQUITY AND LIABILITIES			
Equity			
Share capital	16	30,000,000	30,000,000
Statutory reserve	17	12,973,768	10,003,741
Retained earnings		114,220,190	86,145,948
Merger reserve		1,177,749	1,177,749
Equity attributable to equity holders of the Company		158,371,707	127,327,438
Non-controlling interests		35,914,893	18,243,836
Total equity		194,286,600	145,571,274
Non-current liabilities			
Employees' end of service benefits	19	5,300,507	3,270,778
Bank loans	20	32,972,063	36,873,197
Deferred tax liabilities	9	6,012,951	-
Lease liabilities	21	6,314,974	1,575,133
		50,600,495	41,719,108
Current liabilities			
Trade and other payables	22	82,182,356	41,381,849
Amounts due to related parties	24	10,451,776	10,744,114
Bank loans	20	35,351,919	30,851,305
Lease liabilities	21	3,334,171	1,809,038
		131,320,222	84,786,306
Total liabilities		181,920,717	126,505,414
TOTAL EQUITY AND LIABILITIES		376,207,317	272,076,688

Chairman

CEO and Board Member

The attached notes 1 to 28 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	*Statutory reserve AED*	*Merger reserve AED*	*Retained earnings AED*	*Total AED*	*Non-controlling interests AED*	*Total equity AED*
Balance at 1 January 2022	30,000,000	5,932,829	1,177,749	46,127,754	83,238,332	3,433,448	86,671,780
Total comprehensive income for the year	-	-	-	44,089,106	44,089,106	3,291,320	47,380,426
Transfer to statutory reserve (note 16)	-	4,070,912	-	(4,070,912)	-	-	-
Acquisition of subsidiaries (note 3.2)	-	-	-	-	-	11,519,068	11,519,068
Balance at 31 December 2022	30,000,000	10,003,741	1,177,749	86,145,948	127,327,438	18,243,836	145,571,274
Balance at 1 January 2023	30,000,000	10,003,741	1,177,749	86,145,948	127,327,438	18,243,836	145,571,274
Total comprehensive income for the year	-	-	-	31,044,269	31,044,269	5,034,623	36,078,892
Transfer to statutory reserve (note 16)	-	2,970,027	-	(2,970,027)	-	-	-
Acquisition of subsidiaries (note 3.1)	-	-	-	-	-	10,926,434	10,926,434
Capital injected by non-controlling interests	-	-	-	-	-	1,710,000	1,710,000
Balance at 31 December 2023	**30,000,000**	**12,973,768**	**1,177,749**	**114,220,190**	**158,371,707**	**35,914,893**	**194,286,600**

The attached notes 1 to 28 form part of these consolidated financial statements.

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

	Notes	2023 AED	2022 AED
OPERATING ACTIVITIES			
Profit before tax		**39,819,092**	47,380,426
Adjustments for:			
Depreciation of property and equipment	10	**31,428,546**	23,557,589
Depreciation of right-of-use assets	21	**2,274,227**	1,646,547
Amortisation of intangible assets	11	**3,223,055**	825,953
Provision for employees' end of service benefits	19	**2,172,118**	1,616,864
Share of (profit) loss from investment in an associate	12	**(62,429)**	537,497
Gain on disposal of property and equipment	10	**(3,943,805)**	(3,245,925)
Change in fair value of investments carried at fair value through profit or loss	13	**1,597,823**	(7,701,605)
Finance costs	8	**3,438,041**	2,355,106
Provision for expected credit losses	14	**1,983,748**	3,423,359
Fair value gain on revaluation of previously held equity interest	12	**(1,768,416)**	-
		80,162,000	70,395,811
Working capital changes:			
Trade and other receivables		**(19,376,232)**	(18,010,754)
Trade and other payables		**(5,995,251)**	1,878,508
Amounts due from related parties		**(368,974)**	152
Amounts due to related parties		**(292,338)**	10,444,114
Inventories – spare parts and consumables		**(510,852)**	(1,798,698)
Cash flows from operations		**53,618,353**	62,909,133
Employees' end of service benefits paid	19	**(262,626)**	(289,346)
Finance costs paid		**(3,242,662)**	(2,215,655)
Net cash flows from operating activities		**50,113,065**	60,404,132
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(47,029,174)**	(70,080,317)
Purchase of intangible assets	11	**(3,575,370)**	(75,000)
Purchase of investments carried at fair value through profit or loss	13	**(23,687,999)**	(30,669,210)
Proceeds from disposal of investments carried at fair value through profit or loss	13	**18,761,281**	31,501,399
Proceeds from disposal of property and equipment		**8,331,268**	5,295,859
Investment in an associate	12	**-**	(3,680,000)
Acquisition of subsidiaries, net of cash paid	3	**8,918,482**	(31,644,183)
Net cash used in investing activities		**(38,281,515)**	(99,351,452)
FINANCING ACTIVITIES			
Proceeds from bank loans	20	**32,629,835**	70,018,872
Repayments of bank loans	20	**(32,140,940)**	(28,078,903)
Capital contributed by non-controlling interest		**1,710,000**	-
Payments against lease liabilities	21	**(2,818,756)**	(1,943,792)
Net cash (used in) flows from financing activities		**(619,861)**	39,996,177
NET INCREASE IN CASH AND CASH EQUIVALENTS		**11,211,689**	1,048,857
Cash and cash equivalents at 1 January		**19,710,663**	18,661,806
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**30,922,352**	19,710,663

The attached notes 1 to 28 form part of these consolidated financial statements.

1 ACTIVITIES

Easy Lease Motor Cycle Rental P.S.C (the "Company") is a private joint stock company incorporated under the Law No. (32) of 2021. The Company's registered address is P.O. Box 333367, Deira, Dubai, United Arab Emirates. International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the "Group"). Group is engaged in motorcycles trading, motorcycles repairing, motorcycles and car park rental, delivery services, marine sports club, event management and wholesale trading of ships and boats, computer systems and communication equipment software trading.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 January 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 of measurement
The consolidated financial statements are prepared under the historical cost convention, except for 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 Dirhams ("AED"), which is the presentation currency of the Group and the functional currency of the Company.

2.2 BASIS OF CONSOLIDATION

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

Control is achieved when the Company:

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

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

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

2.2 BASIS OF CONSOLIDATION continued

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

2.2 BASIS OF CONSOLIDATION continued

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

Name of subsidiary	*Place of incorporation and operation*	*Principal activities*	*Proportion of ownership interest and voting power held*	
			2023	*2022*
Uplift Delivery Services LLC	United Arab Emirates	Delivery services.	**67%**	67%
1885 Delivery Services LLC	United Arab Emirates	Delivery services.	**70%**	70%
Yallow Tenchnologies LLC	United Arab Emirates	Computer systems & communication equipment software trading.	**80%**	80%
The Captain Boats and Ships Trading LLC	United Arab Emirates	Marine sports club and wholesale trading of ships and boats.	**55%**	55%
Qube Car Park Management LLC	United Arab Emirates	Car park rental and management valet parking services	**70%**	70%
Easy Lease Motor Cycle Rental WLL	Bahrain	Motorcycle rental and trading of motor cycle and accessories including motorpeds	**100%**	100%
Easy Lease Vehicle Rental LLC	United Arab Emirates	Rental of vehicles and repairs and maintenance services	**100%**	100%
Easy Lease Limousine Luxury Motor Vehicle Services LLC	United Arab Emirates	Rental of Limousine and luxury vehicles	**100%**	100%
Easy Lease Transport Services One Person Company LLC	Kingdom of Saudia Arabia	Mobility services	**100%**	100%
Ripe Exhibition Orgamizer Co LLC*	United Arab Emirates	Event management	**60%**	-
Fully Charge Electrical Fiting Contracting*	United Arab Emirates	Electrical charging of vehicles	**60%**	-
Lynx Technology Group Ltd*	British Virgin Island	IT services	**49%**	25%
*Subsidiaries acquired during the year.				
Below are the subsidiaries of The Captain Boats and Ships Trading LLC:				
Delta Marine Equipment LLC	United Arab Emirates	Boats repairing and retail sale of marine equipments and machinery	**70%**	70%
Nautica Marine Services Navy – Soleproprietership LLC	United Arab Emirates	Boats repairing and services to onshore and offshore oil and gas facilities	**100%**	100%
Below is the subsidiary of Qube Car Park Management LLC:				
Al Khaleej Cars Parking Management LLC Soleproprietership	United Arab Emirates	Car park rental and management valet parking services	**100%**	100%
Below is the subsidiary of Easy Lease Vehicle Rental LLC:				
Sheel Vehicle Transport Towing LLC	United Arab Emirates	Recovery services	**100%**	100%
Below is the subsidiary of 1885 Delivery Services LLC:				
Infinity Logistics Transport LLC*	United Arab Emirates	Logistic services	**60%**	-
Below is the subsidiary of Uplift Delivery Services LLC:				
Uplift Transport Services LLC*	Kingdom of Saudia Arabia	Delivery Services	**100%**	-
*Subsidiaries incorporated during the period.				

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

UAE Corporate Tax Law disclosures
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 will become effective 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 a 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 have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Group.

The Group should be subject to the provisions of the UAE CT Law with effect from 1 January 2024, and current taxes shall be accounted for as appropriate in the consolidated financial statements for the period beginning 1 January 2024.

Based on the current provisions of the UAE CT Law (including interpretation based on the Ministerial decisions and related guidance) and in accordance with IAS 12 Income Taxes, the Group has considered related deferred tax accounting impact as at the reporting date, as follows:

The Group considers that taxable temporary differences arise in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and relating to business combinations undertaken in UAE prior to 16 January 2023 as well as on intangible assets acquired as part of business combinations subsequent to 16 January 2023. The Group has recognised a deferred tax liabilities of AED 6,012,951 relating to such business combinations.

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

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

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

Determining the lease term of contracts with renewal and termination options – Group as 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 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.

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

Allowance for expected credit losses of trade receivables
The Group uses internal and external information to calculate ECLs for trade receivables. The provision is assessed for each customer on an individual basis which is based on past events, current conditions and forecasts of future economic conditions. 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 receivable was AED 65,983,581 (2022: AED 43,721,110) and the provision for expected credit losses was AED 12,027,042 (2022: AED 10,238,235). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS continued

Estimates and assumptions continued

Impairment of inventories continued

As at the date of the consolidated statement of financial position, gross value of inventories was AED 6,372,034 (2022: AED 5,657,247), with no provisions for damaged or obsolete inventories (2022: AED nil). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of comprehensive income.

Useful lives of property and equipment and intangible assets

The Group's management determines the estimated useful lives of its property and equipment and intangibles for calculating depreciation and amortisation, respectively. 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 future depreciation or amortisation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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).

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Revenue from contracts with customers

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Revenue from contracts with customers continued

Rental income

Revenue from motorcycles rental contracts are recognised evenly over the period of the respective contract.

Revenue from delivery service

Revenue from delivery services is satisfied over time because the customer simultaneously receives and consumes the benefits provided by the Group on a fixed contract basis or using an input method to measure progress towards complete satisfaction of the service.

Sale of goods

Revenue from sale of goods is recognised at a point in time when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Membership fee income

Revenue from membership fee is recognised over time and on an accrual basis in accordance with the period of membership (provided that is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Membership fee income determined on a time basis are recognised on a straight-line basis over the period of the membership. The difference between membership income recognised and membership fee received is recognised as deferred revenue.

Event management services

Revenue from event management services is recognized as a performance obligations satisfied over the period of time when the service is rendered to the customers.

Service income

Revenue from rendering of services is recognised at a point in time upon satisfactory delivery of service to the customer and also includes administrative fee which is charged to customers for processing the fines and roads and transport authority ('RTA') costs.

Value-added Tax (VAT)

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

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

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 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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Business combinations and goodwill continued
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 comprehensive income 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 comprehensive income.

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 comprehensive income.

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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Business combinations and goodwill continued

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Business combinations and goodwill continued

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 Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of comprehensive income 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.

Acquisition of entities under common control

For transactions involving entities under common control, the Group adopts the pooling of interest method. Under the pooling of interest method, the carrying value of assets and liabilities are used to account for these transactions. No goodwill is recognised as aa result of the combination. The only goodwill recognised is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid and the business 'acquired' is reflected within the equity. The Group applies the pooling of interest prospectively and, accordingly, comparative information is not restated in the consolidated financial statements.

Investment in an associate

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.

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 its associate is accounted for using the equity method.

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

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

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

The financial statements of the associate 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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

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

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

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

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Property and equipment
Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within "other income" in the consolidated statement of comprehensive income.

Subsequent costs
Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Depreciation
Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of property and equipment. The estimated useful lives for the current and comparative periods are as follows:

Motorcycles	5 years
Motor vehicles	4 years
Boats - Hull	15-20 years
Boats - Engine	4-7 years
Tools and spares	2-4 years
Computer equipment	4 years
Furniture and fixtures	4-5 years
Leasehold improvements	5 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Property and equipment continued
Depreciation continued
An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 comprehensive income when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Capital work in progress
Properties or assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Group's policies.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be 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 is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of comprehensive income when the asset is derecognised.

Amortisation of intangible assets with finite lives is calculated on a straight line basis over the estimated useful lives as follows:

Software	5 years
Trade name	5-10 years
Customer and supplier contracts	5-10 years
Developed Technology	8 years
Non-compete agreement	5 years

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs are those expenses incurred in bringing each product to its present location and condition, and are determined on a first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make sale.

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 comprehensive income 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 comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
The financial assets are classified, at initial recognition, and 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. With the exception of trade receivables and bank balance that do not contain a significant financing component or for which the Group has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

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

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 comprehensive income 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 and cash and bank balances.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments - initial recognition and subsequent measurement continued

i) Financial assets continued

Subsequent measurement continued
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 comprehensive income.

This category includes quoted 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 other income in the consolidated statement of comprehensive income when the right of payment has been established.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short-term deposits with an original maturity of three months or less.

Impairment and uncollectibility of financial assets
The Group recognises an allowance for expected credit losses ("ECL") 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.

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

For 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 assess receivable balances on an individual basis based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider 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
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments - initial recognition and subsequent measurement continued

i) Financial assets continued

Derecognition of financial assets continued
When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

ii) Financial liabilities and equity instruments

Initial recognition and measurement
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.

Financial liabilities
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 bank loans, lease liabilities, trade payables and other payables and amounts due to related parties.

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

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank loans
Bank loans are initially recognised at fair value plus directly attributable transactions costs.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in 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 comprehensive income.

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

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Financial instruments - initial recognition and subsequent measurement continued

iii) Offsetting of financial instruments

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

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.

Employees' end of service 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.

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. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Leases

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

Group as a lessee

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

i) Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Vehicle leases	over the period of the lease
Workshops and office space	over the period of the lease including renewal options

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 right-of-use assets are also subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

ii) Lease liabilities continued

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed as a separate line-item under current and non-current portion.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Leases continued
Group as a lessee continued

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

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

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Foreign currencies
The Group's consolidated financial statements are presented in AED, which is also the functional currency of the Company. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of comprehensive income reflects the amount that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group at respective currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the consolidated statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

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

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

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

- Where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

- Deferred tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences and carried forward tax credits or tax losses can be utilized.

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

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

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

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

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.

2.5 SUMMARY OF MATERIAL ACCOUNTING POLICIES continued

Fair value measurements continued
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.

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

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

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

Current versus non-current classification
The Group presents assets and liabilities in 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 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 current when:

- It is expected to be settled in 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 Group classifies all other liabilities as non-current.

Dividends
The Group 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 shareholders. A corresponding amount is recognised directly in equity.

2.6 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.

3 BUSINESS COMBINATIONS

3.1 Acquisitions under IFRS 3 Business Combination during the year

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

Ripe Exhibition Organizer Co LLC
Effective 1 November 2023, the Company acquired a 60% interest in Ripe Exhibition Organizer Co LLC ("Ripe Exhibition Organizer") for a consideration of AED 31,920,000. Ripe Exhibition Organizer is a limited liability company, registered in the Emirate of Abu Dhabi and is engaged in the event management. From the date of acquisition, Ripe Exhibition Organizer contributed revenue and profit to the Group amounting to AED 5,433,626 and AED 1,970,760 respectively. If the acquisition had taken place at the beginning of the year, Ripe Exhibition Organizer Co LLC would have contributed revenue and profit to the Group amounting to AED 25,235,130 and AED 6,512,809 respectively.

Fully Charged Electrical Fitting Contracting
Effective 1 October 2023, the Company acquired a 60% interest in Fully Charged Electrical Fitting Contracting ("Fully Charged") for a consideration of AED 3,150,000. Fully Charged is sole establishment, registered in the Emirate of Dubai and is engaged in provision of charging infrastructure facility across the country. From the date of acquisition, Fully Charged contributed revenue and profit to the Group amounting to AED 1,676,762 and AED 6,109 respectively. If the acquisition had taken place at the beginning of the year, Fully Charged Electrical Fitting Contracting would have contributed revenue and loss to the Group amounting to AED 6,575,793 and AED 226,011 respectively.

Lynx Technology Group Ltd
Effective 1 December 2023, the Company acquired an additional 24% interest in Lynx Technology Group Ltd. for a consideration of AED 532,586 increasing the Group's ownership to 49%. Lynx Technology is a limited liability company, registered in British Virgin Island and is engaged in the provision of IT related services. From the date of acquisition, Lynx Technology Group Ltd. contributed revenue and profit to the Group amounting to AED 122,963 and AED 36 respectively. If the acquisition had taken place at the beginning of the year, Lynx Technology Group Ltd would have contributed revenue and profit to the Group amounting to AED 1,228,316 and AED 249,684 respectively.

3 BUSINESS COMBINATIONS continued

3.1 Acquisitions under IFRS 3 Business Combination during the year continued

Assets acquired and liabilities assumed

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

	Ripe Exhibition Organizer Co LLC AED	*Fully Charged Electrical Fitting Contracting AED*	*Lynx Technology Group Ltd. AED*	*Total AED*
Assets				
Property and equipment	1,565,923	324,561	6,210	1,896,694
Intangible assets	18,322,867	-	6,939,970	25,262,837
Right-of-use assets	5,422,679	-	-	5,422,679
Inventories	-	203,935	-	203,935
Trade and other receivables	3,486,646	424,311	577,460	4,488,417
Bank balances and cash	10,240,875	212,307	115,300	10,568,482
Total assets	**39,038,990**	**1,165,114**	**7,638,940**	**47,843,044**
Liabilities				
Employees' end of service benefit	86,934	33,303	-	120,237
Trade and other payables	12,176,250	337,223	862,285	13,375,758
Deferred tax liabilities	1,648,153	-	624,597	2,272,750
Lease liabilities	6,339,445	-	-	6,339,445
Bank loans	-	110,585	-	110,585
Total liabilities	**20,250,782**	**481,111**	**1,486,882**	**22,218,775**
Net assets	18,788,208	684,003	6,152,058	25,624,269
Total identifiable net assets at fair value	**18,788,208**	**684,003**	**6,152,058**	**25,624,269**
Proportionate share of identifiable net assets acquired	11,272,925	410,402	3,014,508	14,697,835
Goodwill arising on acquisition	20,647,075	2,739,598	2,491,426	25,878,099
Purchase consideration	31,920,000	3,150,000	5,505,934	40,575,934
Non-controlling interest	7,515,283	273,601	3,137,550	10,926,434
The breakup of purchase consideration is as follows:				
Purchase consideration payable	31,920,000	1,500,000	-	33,420,000
Additional contribution paid on behalf of non-controlling interests	-	1,650,000	-	1,650,000
Settlement of due from shareholders	-	-	532,586	532,586
Fair value of previously held equity interest	-	-	4,973,348	4,973,348
Total purchase consideration	**31,920,000**	**3,150,000**	**5,505,934**	**40,575,934**

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

3 BUSINESS COMBINATIONS continued

3.1 Acquisitions under IFRS 3 Business Combination during the year continued

Assets acquired and liabilities assumed continued
Intangible assets of AED 25,252,782 (2022: AED 16,533,956) have been recognised as a result of aforementioned acquisition, which mainly comprises of non-compete agreement, customer relationships and supplier contract.

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 18% to 26%.
- A terminal value, calculated based on long-term sustainable growth rates for the industry of 3-5%, which has been used to determine income for the future years.

Analysis of cashflow on acquisition:

	Ripe Exhibition Organizer Co LLC AED	*Fully Charged Electrical Fitting Contracting AED*	*Lynx Technology Group Ltd. AED*	*Total AED*
Analysis of cashflows on acquisition:				
Cash paid for acquisition	-	1,650,000	-	1,650,000
Net cash acquired on business combination	(10,240,875)	(212,307)	(115,300)	(10,568,482)
Acquisition of operating business – net of cash used (acquired) (Included in cash flows from investing activities)	(10,240,875)	1,437,693	(115,300)	(8,918,482)

3.2 Acquisitions under IFRS 3 Business Combination prior year

The Captain Boats and Ships Trading LLC
Effective 1 July 2022, the Company acquired a 55% interest in The Captain Boats and Ships Trading LLC ("Captain Boats") for a consideration of AED 38,500,000. Captain Boats is a limited liability company, registered in the Emirate of Abu Dhabi and is engaged in the trading and repairing of boats and ships. From the date of acquisition, Captain Boat contributed revenue and profit to the Group amounting to AED 13,603,903 and AED 3,936,223 respectively. If the acquisition had taken place at the beginning of the year, Captain Boats would have contributed revenue and profit to the Group amounting to AED 26,001,543 and AED 6,212,076 respectively.

Qube Car Park Management LLC
Effective 1 December 2022, the Company acquired a 70% interest in Qube Car Parking Management LLC ("Qube Car Park") for a consideration of AED 5,000,000. Qube Car Park is a limited liability company, registered in the Emirate of Dubai and is engaged in the car park rental and management valet parking services. From the date of acquisition, Qube Car Pak contributed revenue and profit to the Group amounting to AED 126,189 and AED 79,180 respectively. If the acquisition had taken place at the beginning of the year, Qube Car Park would have contributed revenue and profit to the Group amounting to AED 1,615,054 and AED 1,220,220 respectively.

3 BUSINESS COMBINATION continued

3.2 Acquisitions under IFRS 3 Business Combination prior year continued

Assets acquired and liabilities assumed

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

	The Captain Boats and Ships Trading LLC AED	*Qube Car Park Management LLC AED*	*Total AED*
Assets			
Property and equipment	18,014,423	59,330	18,073,753
Intangible assets	12,102,687	4,723,749	16,826,436
Right-of-use assets	287,336	-	287,336
Inventories	45,770	-	45,770
Trade and other receivables	6,477,146	109,474	6,586,620
Bank balances and cash	6,798,645	57,172	6,855,817
Total assets	43,726,007	4,949,725	48,675,732
Liabilities			
Employees' end of service benefit	186,382	10,821	197,203
Trade and other payables	10,990,233	27,035	11,017,268
Deferred revenue	8,452,070	145,140	8,597,210
Lease liabilities	301,984	-	301,984
Bank loans	1,449,609	-	1,449,609
Total liabilities	21,380,278	182,996	21,563,274
Net assets	22,345,729	4,766,729	27,112,458
Less: non-controlling interests	(60,856)	-	(60,856)
Total identifiable net assets at fair value	22,284,873	4,766,729	27,051,602
Proportionate share of identifiable net assets acquired	12,256,680	3,336,710	15,593,390
Goodwill arising on acquisition	26,243,320	1,663,290	27,906,610
Purchase consideration	38,500,000	5,000,000	43,500,000
Non-controlling interests	10,089,049	1,430,019	11,519,068
The breakup of purchase consideration is as follows:			
Purchase consideration paid	38,500,000	-	38,500,000
Purchase consideration payable	-	5,000,000	5,000,000
Total purchase consideration	38,500,000	5,000,000	43,500,000

Intangible assets of AED 16,533,956 have been recognised as a result of aforementioned acquisition, which mainly comprises of trade name and supplier contract.

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 18% to18.5%, and
- A terminal value, calculated based on long-term sustainable growth rates for the industry of 3%, which has been used to determine income for the future years.

3 BUSINESS COMBINATION continued

3.2 Acquisitions under IFRS 3 Business Combination prior year continued

Analysis of cashflow on acquisition:

	The Captain Boats and Ships Trading LLC AED	*Qube Car Park Management LLC AED*	*Total AED*
Analysis of cashflows on acquisition:			
Cash paid for acquisition	38,500,000	-	38,500,000
Net cash acquired on business combination	(6,798,645)	(57,172)	(6,855,817)
Acquisition of operating business – net of cash used (acquired) (Included in cash flows from investing activities)	31,701,355	(57,172)	31,644,183

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2023 AED	*2022 AED*
Type of revenue		
Delivery services	**160,564,285**	110,326,572
Rental income	**91,832,067**	87,643,814
Membership and admission fees	**24,756,132**	13,603,903
Event management services	**5,433,626**	-
Sale of goods	**6,012,420**	7,394,295
Service income	**9,948,853**	7,083,108
	298,547,383	226,051,692
Geographical markets		
United Arab Emirates	**297,791,024**	226,051,692
Outside the United Arab Emirates	**756,359**	-
	298,547,383	226,051,692
Timing of revenue recognition		
Rental income and delivery services over period of time	**252,396,352**	197,970,386
Goods transferred at a point in time	**6,012,420**	7,394,295
Membership fees over period of time	**19,866,373**	10,028,615
Admission fee at a point in time	**4,889,759**	3,575,288
Event management over period of time	**5,433,626**	-
Services at a point in time	**9,948,853**	7,083,108
	298,547,383	226,051,692

5 DIRECT COSTS

	2023 *AED*	*2022* *AED*
Staff costs	**124,598,466**	84,585,716
Depreciation on property and equipment (note 10)	**30,403,210**	23,010,413
Repairs and maintenance costs	**16,783,062**	11,486,601
Insurance costs	**12,269,062**	8,448,989
Registration fees and RTA fines	**6,500,441**	10,140,375
Cost of goods sold	**2,186,597**	4,468,741
Subcontractor costs	**4,708,704**	4,298,230
Depreciation on right-of-use assets (note 21)	**2,274,227**	1,646,547
Bike rental expenses	**4,626,431**	2,489,840
IOT charges	**2,623,200**	-
Event expenses	**2,007,636**	-
Other direct costs	**8,597,701**	3,871,136
	217,578,737	154,446,588

6 ADMINISTRATIVE EXPENSES

	2023 *AED*	*2022* *AED*
Staff costs	**22,235,728**	15,082,857
Professional and legal expenses	**5,085,449**	3,614,119
Allowance for expected credit losses (note 14)	**1,983,748**	3,423,359
Travelling and vehicle maintenance	**1,477,334**	2,348,354
Marketing and business promotion	**2,116,115**	1,665,400
Rent	**1,699,779**	1,486,132
Amortisation expense (note 11)	**3,223,055**	825,953
Board of director's remuneration (note 24.3)	**627,844**	723,324
Depreciation on property and equipment (note 10)	**1,025,336**	547,176
Communication and utilities	**3,663,373**	2,589,049
Other expenses	**6,419,821**	3,813,392
	49,557,582	36,119,115

7 OTHER INCOME

	2023 *AED*	*2022* *AED*
Gain on disposal of property and equipment	**3,943,805**	3,245,925
Income from insurance claims	**1,881,673**	1,278,772
Miscellaneous income	**5,718,185**	2,560,738
Dividend income	**69,384**	-
	11,613,047	7,085,435

8 FINANCE COSTS

	2023 *AED*	*2022* *AED*
Interest on bank loans	**3,174,335**	2,193,301
Interest expense on lease liabilities (note 21)	**195,379**	139,451
Others	**68,327**	22,354
	3,438,041	2,355,106

9 INCOME TAX

	31 December *2023* *AED*	*31 December* *2022* *AED*
Consolidated statement of comprehensive income		
Deferred income tax:		
Relating to temporary differences	**3,740,200**	-

Deferred tax liabilities relate to the following:

	Consolidated statement of financial position		*Consolidated statement of comprehensive income*	
	2023 *AED*	*2022* *AED*	*2023* *AED*	*2022* *AED*
Goodwill	**2,520,152**	-	**2,520,152**	-
Intangible assets acquired through business combination*	**3,703,014**	-	**1,430,263**	-
Amortisation of intangible assets during the year	**(210,215)**	-	**(210,215)**	-
Deferred tax expense	-	-	**3,740,200**	-
Deferred tax liabilities	**6,012,951**	-	-	-

*The deferred income tax expense for the year ended 31 December 2023 of AED 3,740,200 (31 December 2022: AED nil) relates to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain Group entities. While the deferred tax on goodwill relate to corporate transactions completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE Corporate Tax Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE Corporate Tax in the future.

10 PROPERTY AND EQUIPMENT

	Motor cycles AED	*Motor vehicles AED*	*Boats engines and hull AED*	*Tools and spares AED*	*Computer equipment AED*	*Furniture and fixtures AED*	*Leasehold improvements AED*	*Capital work in progress AED*	*Total AED*
Cost:									
At 1 January 2023	124,430,135	2,246,152	28,356,847	2,308,697	2,209,884	2,036,769	5,607,803	3,206,757	170,403,044
Acquired in business combination	-	543,061	-	-	12,559	2,662,368	2,286,906	-	5,504,894
Additions	31,288,434	5,690,401	5,258,204	541,301	995,176	408,249	506,495	2,340,914	47,029,174
Transfer from capital work in progress	1,834,721	-	-	-	-	13,600	-	(1,848,321)	-
Disposals	(18,650,211)	(5,200)	(1,946,050)	-	(8,376)	-	-	-	(20,609,837)
At 31 December 2023	**138,903,079**	**8,474,414**	**31,669,001**	**2,849,998**	**3,209,243**	**5,120,986**	**8,401,204**	**3,699,350**	**202,327,275**
Accumulated depreciation:									
At 1 January 2023	39,179,637	1,570,020	9,416,124	1,287,853	1,098,244	1,204,461	2,417,798	-	56,174,137
Acquired in business combination	-	273,808	-	-	6,349	2,003,448	1,324,595	-	3,608,200
Charge for the year	24,159,415	668,256	3,820,286	507,461	626,145	399,191	1,247,792	-	31,428,546
Related to disposals	(15,190,438)	(5,146)	(1,026,473)	(121)	(196)	-	-	-	(16,222,374)
At 31 December 2023	**48,148,614**	**2,506,938**	**12,209,937**	**1,795,193**	**1,730,542**	**3,607,100**	**4,990,185**	-	**74,988,509**
Net carrying amount:									
At 31 December 2023	**90,754,465**	**5,967,476**	**19,459,064**	**1,054,805**	**1,478,701**	**1,513,886**	**3,411,019**	**3,699,350**	**127,338,766**

10 PROPERTY AND EQUIPMENT continued

	Motor cycles AED	*Motor vehicles AED*	*Boats engines and hull AED*	*Tools and spares AED*	*Computer equipment AED*	*Furniture and fixtures AED*	*Leasehold improvements AED*	*Capital work in progress AED*	*Total AED*
Cost:									
At 1 January 2022	74,323,725	1,873,552	-	1,152,694	1,157,856	1,466,850	4,104,402	95,700	84,174,779
Acquired in business combination	-	276,362	25,344,204	425,217	311,580	107,168	304,106	-	26,768,637
Additions	60,368,900	268,078	3,012,643	575,218	661,189	388,699	407,899	4,397,691	70,080,317
Transfer from capital work in progress	-	-	-	155,568	211,082	128,588	791,396	(1,286,634)	-
Disposals	(10,262,490)	(171,840)	-	-	(131,823)	(54,536)	-	-	(10,620,689)
At 31 December 2022	124,430,135	2,246,152	28,356,847	2,308,697	2,209,884	2,036,769	5,607,803	3,206,757	170,403,044
Accumulated depreciation:									
At 1 January 2022	27,679,375	1,360,892	-	674,996	537,957	896,265	1,342,934	-	32,492,419
Acquired in business combination	-	223,706	7,669,161	275,071	268,347	93,564	165,035	-	8,694,884
Charge for the year	19,715,827	157,262	1,746,963	337,786	420,754	269,168	909,829	-	23,557,589
Related to disposals	(8,215,565)	(171,840)	-	-	(128,814)	(54,536)	-	-	(8,570,755)
At 31 December 2022	39,179,637	1,570,020	9,416,124	1,287,853	1,098,244	1,204,461	2,417,798	-	56,174,137
Net carrying amount:									
At 31 December 2022	85,250,498	676,132	18,940,723	1,020,844	1,111,640	832,308	3,190,005	3,206,757	114,228,907

Motorcycles and motor vehicles with a net carrying amount of AED 471,713 (2022: AED 3,052,183) are mortgaged against vehicle loans (note 20).

Motorcycles are provided to customers under operating lease agreements for 1 to 3 years period. Operating lease agreements are cancellable with a 1 to 3 months' notice.

Depreciation expense has been allocated in the consolidated statement of comprehensive income as follows:

	2023 AED	*2022 AED*
Direct costs (note 5)	**30,403,210**	23,010,413
Administrative expenses (note 6)	**1,025,336**	547,176
	31,428,546	23,557,589

11 INTANGIBLE ASSETS AND GOODWILL

	Software AED	*Supplier contracts AED*	*Trade name AED*	*Customer relationships AED*	*Non compete terms AED*	*Intangibles under development AED*	*Goodwill AED*	*Total AED*
2023								
Cost:								
As at 1 January 2023	1,190,612	4,719,802	11,863,887	-	-	-	28,077,866	45,852,167
Relating to business combinations (note 3.1)	6,959,269	7,240,846	-	5,796,139	5,275,827	-	25,878,099	51,150,180
Additions	3,359,898	-	15,175	-	-	200,300	-	3,575,373
At 31 December 2023	**11,509,779**	**11,960,648**	**11,879,062**	**5,796,139**	**5,275,827**	**200,297**	**53,955,965**	**100,577,720**
Accumulated amortisation:								
As at 1 January 2023	910,007	39,332	626,198	-	-	-	-	1,575,537
Relating to business combinations (note 3.1)	9,244	-	-	-	-	-	-	9,244
Charge for the year (note 6)	944,775	713,342	1,195,872	193,205	175,861	-	-	3,223,055
At 31 December 2023	**1,864,026**	**752,674**	**1,822,070**	**193,205**	**175,861**	-	-	**4,807,836**
Net carrying amount:								
As at 31 December 2023	**9,645,753**	**11,207,974**	**10,056,992**	**5,602,934**	**5,099,966**	**200,300**	**53,955,965**	**95,769,884**
2022								
Cost:								
As at 1 January 2022	436,693	-	-	-	-	-	95,075	531,768
Relating to business combinations (note 3.1)	678,919	4,719,802	11,863,887	-	-	-	27,982,791	45,245,399
Additions	75,000	-	-	-	-	-	-	75,000
At 31 December 2022	1,190,612	4,719,802	11,863,887	-	-	-	28,077,866	45,852,167
Accumulated amortisation:								
As at 1 January 2022	237,231	-	-	-	-	-	-	237,231
Relating to business combinations (note 3.1)	489,422	-	22,931	-	-	-	-	512,353
Charge for the year (note 6)	183,354	39,332	603,267	-	-	-	-	825,953
At 31 December 2022	910,007	39,332	626,198	-	-	-	-	1,575,537
Net carrying amount:								
As at 31 December 2022	280,605	4,680,470	11,237,689	-	-	-	28,077,866	44,276,630

12 INVESTMENT IN AN ASSOCIATE

Details of the Group's investment in an associate is as follows:

Name of the associate	*Principal activities*	*Place of incorporation and operation*	*Ownership interest* 2023	2022
Lynx Technology Group Ltd. (i)	Custom software application development services and IT consulting services.	BVI	**49%**	25%

(i) Lynx Technology Group Ltd ("LTG")

Effective 1 December 2023, the Group obtained control over **Lynx Technology Group Ltd** (note 3.1) and accordingly, the investment in associate was derecognised and the fair value of the previously held interest was transferred to investment in subsidiaries as follows:

	AED
Fair value of previously held equity interest (note 3.1)	**4,973,348**
Carrying value of previously held equity interest	**(3,204,932)**
Fair value gain on revaluation of previously held equity interest	**1,768,416**

Movements in investment in associate is as follows:

	2023 *AED*	*2022* *AED*
		-
At 1 January	**3,142,503**	-
Addition during the year	**-**	3,680,000
Share of profit (loss) for the year	**62,429**	(537,497)
Transferred to investment in subsidiaries (note 3.1)	**(3,204,932)**	-
At 31 December	**-**	3,142,503

13 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 *AED*	*2022* *AED*
Quoted and inside the UAE	**23,998,311**	20,669,416

The investments in equity instruments is held for trading with an intention of recognising short-term fluctuations in the investments. Fair value of the quoted investments is determined by reference to published price quotations in an active market.

13 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The investments are recorded at fair value using the valuation techniques as disclosed in (note 26). Movement in investments carried at fair value through profit or loss is as follows:

	2023 *AED*	*2022* *AED*
At 1 January	**20,669,416**	13,800,000
Additions during the year	**23,687,999**	30,669,210
Disposal during the year	**(18,761,281)**	(31,501,399)
Changes in fair value, net	**(1,597,823)**	7,701,605
At 31 December	**23,998,311**	20,669,416

14 TRADE AND OTHER RECEIVABLES

	2023 *AED*	*2022* *AED*
Trade receivable	**65,983,581**	43,721,110
Less: allowance for expected credit losses	**(12,027,042)**	(10,238,235)
	53,956,539	33,482,875
Staff receivables	**10,793,166**	18,041,351
Deposits and prepayments	**12,373,240**	6,041,832
Advances to suppliers	**2,099,266**	934,424
Other receivables	**3,058,474**	1,899,302
	82,280,685	60,399,784

As at 31 December 2023, trade receivables at nominal value of AED 12,027,042 (2022: AED 10,238,235) were impaired. Movements in the allowance for expected credit losses were as follows:

	2023 *AED*	*2022* *AED*
At 1 January	**10,238,235**	4,604,851
Acquired in business combination	**189,829**	2,210,025
Charge for the year (note 6)	**1,983,748**	3,423,359
Written off	**(384,770)**	-
At 31 December	**12,027,042**	10,238,235

The information about the basis of calculation of expected credit losses is disclosed in note 25.

15 BANK BALANCES AND CASH

	2023 *AED*	*2022* *AED*
Cash on hand	**429,575**	342,148
Bank balances	**30,492,777**	19,368,515
Cash and cash equivalents	**30,922,352**	19,710,663

16 SHARE CAPITAL

	2023 *AED*	*2022* *AED*
Authorised, issued and fully paid		
30,000,000 of AED 1 each (2022: 30,000,000 of AED 1 each)	**30,000,000**	30,000,000

17 STATUTORY RESERVE

As required by the UAE Federal Law No (32) of 2021 and the Company's Articles of Association, 10% of the profit for the year has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of paid up share capital.

18 BASIC EARNINGS PER SHARE

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

	2023 *AED*	*2022* *AED*
Profit attributable to the owners of the Company (AED)	**31,044,269**	44,089,106
Weighted average number of shares (shares)	**30,000,000**	30,000,000
Basic earnings per share for the year (AED)	**1.03**	1.47

19 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	2023 *AED*	*2022* *AED*
At 1 January	**3,270,778**	1,746,057
Acquired in business combination (note 3.1)	**120,237**	197,203
Provided during the year	**2,172,118**	1,616,864
Payments made during the year	**(262,626)**	(289,346)
At 31 December	**5,300,507**	3,270,778

20 BANK LOANS

Movement in bank loans during the year is as follows:

	2023 *AED*	*2022* *AED*
At 1 January	**67,724,502**	24,334,924
Acquired in business combinations (note 3.1)	**110,585**	1,449,609
Drawdowns during the year	**32,629,835**	70,018,872
Repayments during the year	**(32,140,940)**	(28,078,903)
	68,323,982	67,724,502

Disclosed in the consolidated statement of financial position as follows:

	2023 *AED*	*2022* *AED*
Current portion	**35,351,919**	30,851,305
Non-current portion	**32,972,063**	36,873,197
	68,323,982	67,724,502

Bank loans	***Security***	***Interest rates***	*2023* *AED*	*2022* *AED*
Loan 1	Secured	3.25%	**1,069,234**	6,783,472
Loan 2	Secured	3.25% - 4.41%	**35,836,738**	33,517,429
Loan 3	Secured	5.6%	**16,307,822**	24,954,660
Loan 4	Secured	2.25%	**11,278,479**	1,161,589
Loan 5	Secured	5.5%	**687,829**	1,307,352
Loan 6	Secured	5.5%	**3,040,381**	-
Loan 7	Secured	5.5%	**103,499**	-
			68,323,982	67,724,502

Loan 1
Loan 1 facility is obtained by the Company to finance the purchase of motor cycles. The facility is repayable in 36 equal monthly instalments the last of which is due on 30 November 2024. At 31 December 2023, undrawn loan facility amounted to AED 28,930,766 (2022: AED 1,216,528). The facility is secured by the following:

a) Updated cheque drawn on customer account with the bank to the extent of overall facility amount;
b) General assignment of receivables and proceeds in favor of the bank; and
c) Corporate guarantees.

Loan 2
Loan 2 facility is obtained by the Company to finance the purchase of motor cycles. The loan is repayable in 36 equal monthly instalments the last of which is due on 29 November 2025. At 31 December 2022, undrawn loan facility amounted to AED 13,513,262 (2022: AED 15,832,571). The facility is secured by the following:

a) Updated cheque drawn on customer account with the bank to the extent of overall facility amount;
b) General assignment of receivables and proceeds in favor of the Bank;
c) Letter of negative pledge;
d) Assignment of the insurance policy over financed motorcycles and motor vehicles; and
e) Corporate guarantees.

20 BANK LOANS continued

Loan 3
Loan 3 was obtained by the Company to acquire the Captain Boats Ships and Trading LLC. The loan is repayable in 36 equal monthly instalments the last of which is due on 21 September 2025. The loan is secured by corporate guarantee of the Company.

Loan 4
Loan 4 facility was obtained by a subsidiary of the Company to finance the purchase of motor vehicle. The loan is repayable in 36 equal monthly instalments the last of which is due on 24 April 2025. At 31 December 2023, undrawn loan facility amounted to AED 8,721,521 (2022: AED 18,838,411). The loan is secured by a mortgage of the motor vehicles purchased.

Loan 5
Loan 5 was obtained by a subsidiary of the Company to finance the day-to-day operations. The loan is repayable in 36 equal monthly instalments the last of which is due on 7 July 2024. The loan is secured by post-dated cheques.

Loan 6
Loan 6 was obtained by a subsidiary of the Company to finance the purchase of limousine cars. The loan is repayable in 36 equal monthly instalments the last of which is due on 29 October 2026. The loan is secured by post-dated cheques.

Loan 7
Loan 7 was obtained by a subsidiary of the Company, which was acquired during the year, to finance the day-to-day operations. The loan is repayable in 48 equal monthly instalments the last of which is due on 15 August 2027. The loan is secured by post-dated cheques.

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for motor vehicles, workshops and office space with lease terms between 3 to 4 years. Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Motor vehicles AED	*Workshops and office space AED*	*Total AED*
2023			
Cost:			
As at 1 January 2023	1,128,360	6,496,000	7,624,360
Acquired in business combination (note 3.1)	-	6,674,066	6,674,066
Additions	-	2,624,467	2,624,467
Partial termination during the year	(647,882)	(2,378,103)	(3,025,985)
At 31 December 2023	**480,478**	**13,416,430**	**13,896,908**
Accumulated depreciation:			
As at 1 January 2023	814,365	3,355,615	4,169,980
Acquired in business combination (note 3.1)		1,251,387	1,251,387
Charge for the year (note 5)	241,900	2,032,327	2,274,227
Partial termination during the year	(647,882)	(2,302,542)	(2,950,424)
At 31 December 2023	**408,383**	**4,336,787**	**4,745,170**
Net carrying amount:			
As at 31 December 2023	**72,095**	**9,079,643**	**9,151,738**
2022			
Cost:			
As at 1 January 2022	1,128,360	3,496,604	4,624,964
Acquired in business combination (note 3.2)	-	689,606	689,606
Additions	-	2,713,107	2,713,107
Partial termination during the year	-	(403,317)	(403,317)
At 31 December 2022	1,128,360	6,496,000	7,624,360
Accumulated depreciation:			
As at 1 January 2022	532,275	1,950,236	2,482,511
Acquired in business combination (note 3.2)	-	402,270	402,270
Charge for the year (note 5)	282,090	1,364,457	1,646,547
Partial termination during the year	-	(361,348)	(361,348)
At 31 December 2022	814,365	3,355,615	4,169,980
Net carrying amount:			
As at 31 December 2022	313,995	3,140,385	3,454,380

21 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 *AED*	*2022* *AED*
At 1 January	**3,384,171**	2,215,390
Acquired in business combination (note 3.1 & 3.2)	**6,339,445**	301,984
Additions	**2,624,467**	2,713,107
Partial termination during the year	**(75,561)**	(41,969)
Accretion of interest (note 8)	**195,379**	139,451
Payments	**(2,818,756)**	(1,943,792)
At 31 December	**9,649,145**	3,384,171

Lease liabilities are disclosed in the consolidated statement of financial position as:

	2023 *AED*	*2022* *AED*
Non-current	**6,314,974**	1,575,133
Current	**3,334,171**	1,809,038
	9,649,145	3,384,171

22 TRADE AND OTHER PAYABLES

	2023 *AED*	*2022* *AED*
Trade payables	**14,826,485**	12,495,953
Deferred revenue	**13,234,386**	9,211,930
Deferred tax liabilities	**6,012,951**	-
Advances from customers	**2,603,780**	2,231,387
Accruals and other payables	**12,084,754**	12,442,579
Payable for acquisition	**33,420,000**	5,000,000
	82,182,356	41,381,849

Trade payables are non-interest bearing and are normally settled on 90 days terms. For explanation on the Group liquidity risk management process, refer to note 25.

23 CONTINGENT LIABILITIES

	2023 *AED*	*2022* *AED*
Letters of guarantees	**2,422,423**	1,011,400

The above bank guarantees have been issued from a local bank in the ordinary course of business.

24 RELATED PARTY TRANSACTIONS AND BALANCES

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 represent shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

24.1 Transactions

Transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2023 *AED*	*2022* *AED*
Parent Company		
Professional fees	-	27,762
Transactions with other related parties		
Commission and margin interest	**630,766**	136,584
Interest expense on bank loans	**105,930**	319,021
Service income	**33,603**	53,113
Rental and others	**296,200**	-

Transactions with related parties were entered into on terms agreed with the management.

24.2 Balances

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

	Nature of relationship	*2023* *AED*	*2022* *AED*
Amounts due from related parties:			
Ghitha Holding PJSC (formerly, Zee Store PJSC)	Entity under common control	-	4,572
Affiliates	Other related parties	**373,547**	532,586
		373,547	537,158
Amounts due to related parties			
Citadel Properties	Entity under common control	**209,269**	27,673
International Holdings Company PJSC	Parent entity	**512,377**	-
International Securities LLC	Entity under common control	**7,077,883**	8,064,194
Sampi Holding FZ LLC	Other related party	**2,652,247**	2,652,247
		10,451,776	10,744,114
Balances with a financial institution	Other related party	**4,021,565**	1,712,475
Loans from a financial institution	Other related party	**1,069,234**	6,783,472
Investments carried at fair value through profit or loss	Entity under common control	**6,137,670**	17,201,542

24 RELATED PARTY TRANSACTIONS AND BALANCES continued

24.2 Balances continued

Terms and conditions of transactions with related parties
Outstanding balances at the year-end arise in the normal course of business, these are unsecured, interest free and settlement occurs in cash. For the year ended 31 December 2023, there was no impairment of amounts owed by related parties (2022: AED nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

24.3 Transactions with key management personnel

	2023 *AED*	*2022* *AED*
Salaries and employees' benefits	**2,326,433**	1,289,324
Board of director's remuneration (note 6)	**627,844**	723,324
	2,954,277	2,012,648

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

Market risk management
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk
The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. At 31 December 2023, if interest rates on the bank loans had been 100 basis points lower/higher with all other variables held constant, profit for the year would have increased or decreased by AED 683,240 (2022: AED 677,245).

Currency risk
The Group does not have significant exposure to foreign exchange risk as most of its monetary assets and liabilities are denominated in UAE Dirhams

Price risk
The Group's investment portfolio amounted to AED 23,998,311 (2022: AED 20,669,416). At the reporting date if the prices of the 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 *AED*	*2022* *AED*
Impact on the Group's equity and profit for the year (increase/decrease)	**1,199,916**	1,033,471

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from bank balances, as well as credit exposures to customers including outstanding receivables and committed transactions.

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.

Bank balances

Credit risk from balances with banks is managed by dealing only with reputable banks.

Trade receivables

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. The Group sells goods and services to a large number of customers throughout the UAE. Its 5 largest customers account for 32% (2022: 30%) of outstanding trade receivable at 31 December 2023.

An impairment analysis is performed at each reporting date using internal and external information to measure expected credit losses. The provision is assessed for customers on an individual basis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

	Not past due AED	*1-30 days* AED	*31-60 days* AED	*61-90 days* AED	*>90 days* AED	*Total* AED
At 31 December 2023						
Estimated credit loss	**0.20%**	**0.60%**	**1.38%**	**2.91%**	**67.15%**	**18.23%**
Estimated total gross carrying amount at default	**14,922,636**	**21,911,002**	**7,981,025**	**3,826,763**	**17,342,155**	**65,983,581**
Lifetime ECL	**29,703**	**131,159**	**109,887**	**111,399**	**11,644,894**	**12,027,042**
At 31 December 2022						
Estimated credit loss	0.28%	0.86%	2.50%	7.04%	72.14%	23.42%
Estimated total gross carrying amount at default	9,651,903	15,425,584	3,741,066	1,177,415	13,725,142	43,721,110
Lifetime ECL	27,312	133,409	93,624	82,873	9,901,017	10,238,235

Amounts due from related parties

The management of the Group is involved in the transactions of the Group and review and approve the transactions with the related parties. The receivable balances are reconciled monthly with the related parties through intercompany reconciliation and confirmations. Since these balances are with related parties, management believes there is no significant credit risk in relation to these balances. Based on past experience of the Group, balances with related parties are settled regularly and there is no history of significant write-off of receivables from related parties. As of 31 December 2023, there was no provision for expected credit losses required for related party receivables (2022: AED nil).

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group limits its liquidity risk by ensuring funds from shareholders and bank facilities are available. The Group's terms of service require amounts to be paid within 60 days from the date of providing the service.

The Group manages liquidity risk by maintaining adequate reserves 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.

	Within 1 year AED	*Between 1 to 5 years AED*	*Total AED*
31 December 2023			
Trade and other payables	**59,436,948**	**-**	**59,436,948**
Amounts due to related parties	**10,451,776**	**-**	**10,451,776**
Bank loans	**37,885,784**	**35,891,926**	**73,777,710**
Lease liabilities	**3,605,283**	**6,526,103**	**10,131,386**
	111,379,791	**42,418,029**	**153,797,820**
31 December 2022			
Trade and other payables	28,470,125	-	28,470,125
Amounts due to related parties	10,744,114	-	10,744,114
Bank loans	32,358,880	38,085,727	70,444,607
Lease liabilities	1,948,489	1,717,337	3,665,826
	73,521,608	39,803,064	113,324,672

Capital management

The primary objective of the Group's capital management is to ensure that it maintains 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. No changes were made in the objectives, policies or processes during the year ended 31 December 2023 and 31 December 2022. Capital comprises share capital, retained earnings, statutory reserve and merger reserve and is measured at AED 158,371,707 as at 31 December 2023 (2022: AED 127,327,438).

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	Fair value as at					
	31 December 2023	*31 December 2022*		*Valuation techniques and*	*Significant unobservable*	*Relationship of unobservable inputs*
Financial assets	***AED***	*AED*	***Fair value hierarchy***	***key inputs***	***input***	***to fair value***
Quoted equity investments – investment in financial assets	**23,998,311**	20,669,416	Level 1	Quoted bid prices in an active market.	None	Not applicable

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.

27 SEGMENT REPORTING

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

Motorcycle business segment, which represents motorcycle leasing solutions offered to customers and sale of related items, including delivery boxes.

Delivery services segment, the group provides turnkey logistic solutions through bike messengers and delivery squads.

Marine Sports Club, the group manages marine sports club and wholesale trading of ships and boats.

No operating segments have been aggregated to form the above reportable operating segments.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

	Motorcycle business AED	*Delivery services AED*	*Marine Sports Club AED*	*Others AED*	*Total segments AED*	*Eliminations AED*	*Consolidated AED*
Year ended 31 December 2023							
Revenue from contracts with customers							
External customers	99,140,573	161,095,167	26,823,155	11,488,488	298,547,383	-	298,547,383
Inter-segment	23,684,165	553,388	-	(1,421,543)	22,816,010	(22,816,011)	-
Total	**122,824,738**	**161,648,555**	**26,823,155**	**10,066,945**	**321,363,393**	**(22,816,011)**	**298,547,383**
Expense							
Direct costs	(74,783,488)	(144,175,745)	(16,603,954)	(6,785,159)	(242,348,346)	24,769,609	(217,578,737)
Administrative expenses	(30,998,708)	(8,752,506)	(6,624,081)	(2,918,100)	(49,293,395)	(264,187)	(49,557,582)
Segment profit	**17,042,542**	**8,720,304**	**3,595,120**	**363,686**	**29,721,652**	**1,689,412**	**31,411,064**
Total assets	**287,911,925**	**57,165,073**	**34,927,780**	**39,356,638**	**419,361,416**	**(43,154,069)**	**376,207,347**
Total liabilities	**142,851,567**	**30,825,090**	**16,157,262**	**30,419,361**	**220,253,280**	**(38,332,563)**	**181,920,717**

27 SEGMENT REPORTING continued

	Motorcycle business AED	*Delivery services AED*	*Marine Sports Club AED*	*Total segments AED*	*Eliminations AED*	*Consolidated AED*
Year ended 31 December 2022						
Revenue from contracts with customers						
External customers	100,800,342	111,647,447	13,603,903	226,051,692	-	226,051,692
Inter-segment	17,169,572	44,800	-	17,214,372	(17,214,372)	-
Total	117,969,914	111,692,247	13,603,903	243,266,064	(17,214,372)	226,051,692
Expense						
Direct costs	(66,151,429)	(100,675,368)	(6,821,985)	(173,648,782)	19,202,194	(154,446,588)
Administrative expenses	(25,598,133)	(6,399,977)	(2,845,695)	(34,843,805)	(1,275,310)	(36,119,115)
Segment profit	26,220,352	4,616,902	3,936,223	34,773,477	712,512	35,485,989
Total assets	225,754,448	44,910,336	29,195,750	299,860,534	(27,783,846)	272,076,688
Total liabilities	105,498,664	28,906,438	13,709,456	148,114,558	(21,609,144)	126,505,414

Change in fair value of investment carried at fair value through profit or loss, finance costs and other income are not allocated to individual segments as the underlying instruments are managed on a group basis.

Reconciliation of profit

	2023 AED	*2022 AED*
Segment profit	**31,411,064**	35,485,989
Change in fair value of investments carried at fair value through profit or loss	**(1,597,823)**	7,701,605
Finance costs	**(3,438,041)**	(2,355,106)
Other income	**11,613,047**	7,085,435
Gain from acquisition of subsidiary	**1,768,416**	-
Share of loss from investment in an associate	**62,429**	(537,497)
Corporate tax	**(3,740,200)**	-
Profit for the year	**36,078,892**	47,380,426

28 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, wherever necessary, to confirm to the presentation adopted in the current year consolidated financial statements. Such reclassification has no impact on previously reported consolidated profit or equity of the Group.