SAWAEED HOLDING P.J.S.C.

Reports and consolidated financial statements for the year ended 31 December 2023

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for the year ended 31 December 2023

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAWAEED HOLDING P.J.S.C.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Sawaeed Holding P.J.S.C. ("the Company"), and its subsidiaries (together "the Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matter to the Audit Committee, but it is not a comprehensive reflection of all matters that were identified by our audit and that were discussed with the Audit Committee. We have described the key audit matter we identified and have included a summary of the audit procedures we performed to address this matter.

Akbar Ahmad (1141), Cynthia Corby (995), Faeza Sohawon (5508), Firas Anabtawi (5482), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Nurani Subramanian Sundar (5540), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAWAEED HOLDING P.J.S.C.(continued)

Key Audit Matter (continued)

The key audit matter was 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 this matter.

Key audit matter	How the matter was addressed in our audit
Measurement of the allowance for expected credit losses	
As at 31 December 2023, the gross carrying value of trade receivables amounted to AED 180.3 million and the allowance for expected credit loss amounted to AED 70.7 million (note 10). The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied the simplified approach for measurement of expected credit loss ("ECL") for trade receivables. The ECL model involves use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade collections experience. We consider this a key audit matter due to the judgments and estimates involved in the application of the expected credit loss model. A significant amount of trade receivables is considered to be credit impaired and consequently the judgments applied in determining the expected credit loss allowance have a material impact on the consolidated financial statements. As a result, the assessment of ECL requires significant auditor judgment regarding the accounting estimates used by management. Refer to note 3 for the accounting policies which explains the impact application of IFRS 9, note 4 for the key sources of estimation uncertainty and note 10 for related disclosures in the accompanying consolidated financial statements.	We performed the following procedures in relation to the allowance for expected credit loss: • We obtained an understanding of the process of measurement of the allowance for ECL; • We identified the relevant controls over the determination of the allowance for ECL; • We assessed the design of these controls and determined if they had been implemented appropriately; • We compared the ECL model developed by management to that required by IFRSs and reviewed the reasonableness of the methodology in comparison to accepted best practice; • We tested the arithmetical accuracy of the model; • We tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward-looking factors to reflect the impact of future events on expected credit losses; • We agreed the results of the output of the ECL model developed by management to the amounts reported in the consolidated financial statements; and • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAWAEED HOLDING P.J.S.C. (continued)

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report and the governance report which are expected to be made available to us after the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or 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 on the other information that we obtained prior to the date of this auditor's report, 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and their preparation in compliance with the applicable provisions of the Memorandum of Association of the Company and 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.

Those charged with governance are 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 ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAWAEED HOLDING P.J.S.C. (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism 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 risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 disclosure 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 represents 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 auditors' 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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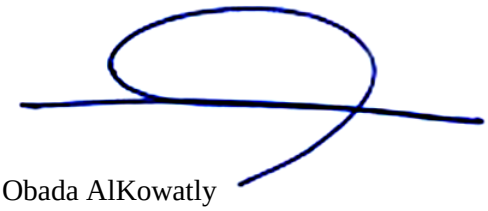
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SAWAEED HOLDING P.J.S.C. (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Directors' report is consistent with the books of account of the Group;
- Details of investment securities purchased during the year are disclosed in note 8;
- Note 9 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
- Based on the information that has been made available to us nothing has come to our attention, which causes us to believe that the Group has contravened during the year ended 31 December 2023 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.

Deloitte & Touche (M.E.)



Obada AlKowatly
Registration Number 1056
23 February 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position as at 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property and equipment	5	**17,738,640**	18,549,471
Right-of-use-assets	7	**30,109,434**	29,166,531
Investment property	6	**57,923,082**	61,232,972
Intangible asset		**818,539**	937,058
Investment securities – FVTOCI	8	**70,772,190**	71,179,433
Total non-current assets		**177,361,885**	181,065,465
Current assets			
Trade receivables and other current assets	10	**125,695,835**	128,142,102
Cash and bank balances	11	**80,044,929**	79,605,802
Total current assets		**205,740,764**	207,747,904
Total assets		**383,102,649**	388,813,369
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	**51,100,000**	51,100,000
Additional paid in capital		**1,350,000**	1,350,000
Legal reserve	13	**5,473,975**	4,838,115
Other reserve	14	**34,527,923**	34,527,923
Investments revaluation reserve		**17,464,688**	20,769,892
Retained earnings		**203,141,623**	202,509,109
Attributable to equity Shareholders of the Parent Company		**313,058,209**	315,095,039
Non-controlling interests	26	**-**	1,773,117
Total equity		**313,058,209**	316,868,156
Non-current liabilities			
Lease liabilities	7	**29,507,406**	28,053,546
Provision for employees' end of service benefit	16	**12,910,715**	13,020,788
Total non-current liabilities		**42,418,121**	41,074,334
Current liabilities			
Lease liabilities	7	**1,943,614**	1,974,813
Trade and other payables	17	**24,786,298**	28,423,521
Due to a related party	9	**-**	43,598
Customers deposits		**896,407**	428,947
Total current liabilities		**27,626,319**	30,870,879
Total liabilities		**70,044,440**	71,945,213
Total equity and liabilities		**383,102,649**	388,813,369

To the best of our knowledge, the financial information included in the report fairly presents in all material respects the financial condition, results of operation and cash flows of the Group as of 31 December 2023, and for the periods presented in the report.

Chief Executive Officer **Chief Financial Officer**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue	**18**	**139,824,723**	122,773,379
Cost of operations	**19**	**(113,192,424)**	(110,841,259)
Gross profit		**26,632,299**	11,932,120
General and administrative expenses	**20**	**(16,708,675)**	(16,438,236)
Provision for expected credit losses	**10**	**(7,857,728)**	(13,470,749)
Finance income		**2,310,691**	879,042
Finance cost	**21**	**(1,862,986)**	(1,762,269)
Other income	**22**	**3,844,998**	3,285,380
Profit/(loss) for the year		**6,358,599**	(15,574,712)
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
Fair value (loss)/ gain on investment securities carried at FVTOCI – equity	**8**	**(3,285,429)**	20,950,913
Total comprehensive income for the year		**3,073,170**	5,376,201
Profit/(loss) for the year from continuing operations attributable to:			
Equity shareholders of the Parent Company		**6,358,599**	(15,286,468)
Non-controlling interests		**-**	(288,244)
		6,358,599	(15,574,712)
Total comprehensive income attributable to:			
Equity shareholders of the Parent Company		**3,073,170**	5,664,445
Non-controlling interests		**-**	(288,244)
		3,073,170	5,376,201
Basic and diluted earnings/(loss) per share (AED)	**23**	**0.124**	(0.299)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital AED	Additional paid in capital AED	Legal reserve AED	Other reserve AED	Investments revaluation reserve AED	Retained Earnings AED	Attributable to equity Shareholders of the Parent Company AED	Non-controlling interests AED	Total equity AED
At 1 January 2022	51,100,000	1,350,000	4,838,115	34,527,923	837,010	232,107,546	324,760,594	6,913,834	331,674,428
Loss for the year	-	-	-	-	-	(15,286,468)	(15,286,468)	(288,244)	(15,574,712)
Fair value gain on investment securities carried at FVTOCI (note 8)	-	-	-	-	20,950,913	-	20,950,913	-	20,950,913
	51,100,000	1,350,000	4,838,115	34,527,923	21,787,923	216,821,078	330,425,039	6,625,590	337,050,629
Other comprehensive income:									
Adjustment arising from change in noncontrolling interest (note 26)	-	-	-	-	-	-	-	(980,000)	(980,000)
Realized gain on disposal of investments at FVTOCI	-	-	-	-	(1,018,031)	1,018,031	-	-	-
Total comprehensive income for the year	51,100,000	1,350,000	4,838,115	34,527,923	20,769,892	217,839,109	330,425,039	5,645,590	336,070,629
Dividends (note 15)	-	-	-	-	-	(15,330,000)	(15,330,000)	(3,872,473)	(19,202,473)
Balance at 31 December 2022	51,100,000	1,350,000	4,838,115	34,527,923	20,769,892	202,509,109	315,095,039	1,773,117	316,868,156

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued) for the year ended 31 December 2023

	Share capital AED	Additional paid in capital AED	Legal reserve AED	Other reserve AED	Investments revaluation reserve AED	Retained Earnings AED	Attributable to equity Shareholders of the Parent Company AED	Non-controlling interests AED	Total equity AED
At 1 January 2023	51,100,000	1,350,000	4,838,115	34,527,923	20,769,892	202,509,109	315,095,039	1,773,117	316,868,156
Profit for the year	-	-	-	-	-	6,358,599	6,358,599	-	6,358,599
Fair value loss on investment securities carried at FVTOCI (note 8)	-	-	-	-	(3,285,429)	-	(3,285,429)	-	(3,285,429)
	51,100,000	1,350,000	4,838,115	34,527,923	17,484,463	208,867,708	318,168,209	1,773,117	319,941,326
Other comprehensive income:									
Realized gain on disposal of investments at FVTOCI	-	-	-	-	(19,775)	19,775	-	-	-
Liquidation of subsidiaries (note 26)	-	-	-	-	-	-	-	(1,773,117)	(1,773,117)
Transfer to legal reserve	-	-	635,860	-	-	(635,860)	-	-	-
Total comprehensive income for the year	51,100,000	1,350,000	5,473,975	34,527,923	17,464,688	208,251,623	318,168,209	-	318,168,209
Dividends (note 15)	-	-	-	-	-	(5,110,000)	(5,110,000)	-	(5,110,000)
Balance at 31 December 2023	**51,100,000**	**1,350,000**	**5,473,975**	**34,527,923**	**17,464,688**	**203,141,623**	**313,058,209**	**-**	**313,058,209**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows for the year ended 31 December 2023

	2023 AED	2022 AED
Cash flows from operating activities		
Profit/(loss) for the year	**6,358,599**	(15,574,712)
Adjustments for:		
Depreciation of property and equipment	**1,335,965**	1,594,183
Depreciation of right of use of assets	**705,351**	854,390
Amortization of intangible assets	**118,519**	123,881
Depreciation of investment property	**3,309,890**	3,309,890
Provision for impairment losses of receivables	**7,857,728**	13,470,749
Provision for impairment losses of due from a related party	**-**	(214,361)
Provision of employees' end of service benefit, net	**2,074,667**	4,177,329
Finance income	**(2,310,691)**	(879,042)
Finance cost	**1,862,986**	1,762,269
Dividend income	**(1,006,066)**	(672,216)
Loss on disposal of property and equipment	**-**	90,409
Loss on property and equipment written off	**-**	156,301
Operating cash flows before movements in working capital	**20,306,948**	8,199,070
Changes in working capital:		
(Increase)/decrease in trade receivables and other current assets	**(5,614,378)**	16,106,084
Decrease in inventories	**-**	190,857
Decrease in trade and other payables	**(3,637,222)**	(5,147,386)
Increase in due from related parties	**1,735,529**	2,135,691
Decrease in due to related parties	**(379,127)**	(242,787)
Increase in customer deposits	**467,460**	85,890
Cash generated from operating activities	**12,879,210**	21,327,419
Employees' end of service benefit paid	**(2,184,740)**	(3,048,355)
Net cash generated from operating activities	**10,694,470**	18,279,064
Cash flows from investing activities		
Payments for purchases of property and equipment	**(567,158)**	(152,013)
Proceeds from disposals of property, plant and equipment	**42,024**	152,525
Payments for purchases of investment securities	**(3,206,808)**	(27,125,678)
Proceeds from sale of investment securities carried through FVTOCI	**328,622**	7,106,913
Payments for purchases of software	**-**	(43,660)
Movement in bank deposits with original maturities of more than three months	**(13,405,100)**	164,882
Finance income received	**928,972**	444,585
Dividend income received	**1,006,066**	672,216
Net cash used in investing activities	**(14,873,382)**	(18,780,230)
Cash flows from financing activities		
Dividends paid	**(5,110,000)**	(19,202,473)
Payment to non-controlling interest	**(1,773,117)**	(980,000)
Loan from related party	**-**	(1,250,000)
Repayment of lease liability	**(1,903,944)**	(1,935,141)
Net cash used in financing activities	**(8,787,061)**	(23,367,614)
Net decrease in cash and cash equivalents	**(12,965,973)**	(23,868,780)
Cash and bank balances at the beginning of the year	**46,920,818**	70,789,598
Cash and cash equivalent at the end of the year (note 11)	**33,954,45**	46,920,818

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended 31 December 2023

1 General information

Sawaeed Holding P.J.S.C. ("the Company") is registered as a private joint stock company in Abu Dhabi incorporated on 14 January 2018 and operates in the United Arab Emirates ("UAE") under trade a licence issued by the Abu Dhabi Municipality dated 11 March 2018.

During the year 2020, the shareholders of the Company resolved to list all of the Company's share in the second market of Abu Dhabi Securities Exchange. The shares were listed on October 2020.

The principal activities of the Group entail manpower recruitment and outsourcing; real estate investment, development and management; labour accommodation management; facilities management services; catering services; and provision of skills training.

The registered office of the Group is located at P.O. Box 70919, Abu Dhabi, UAE.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated interim financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- IFRS 17 Insurance Contracts (effective from 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective from 1 January 2023)
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) (effective from 1 January 2023)

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

The following new and revised IFRSs, that have been issued but are not yet effective:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated financial statements of the Group.

3 Summary of material accounting policy information

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of the UAE Federal Law No. (32) of 2021.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment securities classified as FVOCI that are measured at fair value. The principal accounting policies adopted are set out below.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary controlled by the Company. 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 Company 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 Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company 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 shareholder's meetings.

Details of the subsidiaries' are as follows:

Name of subsidiary	Place of incorporation and operation	Effective ownership		Principal activity
		As at 31 December 2023	As at 31 December 2022	
Sawaeed Employment-Sole Proprietorship L.L.C	U.A.E.	100%	100%	Providing upon request employee provision services.
Sawaeed Investment-Sole Proprietorship L.L.C.	U.A.E.	100%	100%	Real estate enterprises investment, development, institution and management; and camps and labour accommodation management.
Sawaeed Facilities Management-Sole Proprietorship L.L.C	U.A.E.	100%	100%	Facilities management services, interior cleaning services for buildings and dwellings, and cleaning the outside (interface) buildings.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Basis of consolidation (continued)

Name of subsidiary	Place of incorporation and operation	Effective ownership		Principal activity
		As at 31 December 2023	As at 31 December 2022	
Sawaeed Training Centre-Sole Proprietorship L.L.C.	U.A.E.	100%	100%	Training on construction work.
Takatof Employment Co. L.L.C. (a)	U.A.E.	100%	100%	Providing employees services upon request (temporary employment) and labor and employment supply.
Sawaeed Alnaba Facilities Management L.L.C. (b)	U.A.E.	-	51%	Facilities management services, interior cleaning services for buildings and dwellings, cleaning the outside (interface) buildings, central air-conditioners maintenance, insects, rodents and harmful animals control and exterminating, landscape and gardening services, and electrical equipment installation and operation.
Sawaeed Alnaba Catering Co. L.L.C. (b)	U.A.E.	-	51%	Cold and hot beverages, canteen, hospitality services, foodstuff catering, restaurants management, and ready-made food catering contracts (meal preparation)
Sawaeed General Project-Sole Proprietorship L.L.C. (c)	U.A.E.	100%	-	Manufactured precast concrete building installation contracting, building demolition and other construction and debris clearing, transport of materials assembly heavy truck, Excavation, backfilling and project management services.

(a) As per agreement signed between the shareholders, the other shareholder owning 51% of Takatof Employment Co. L.L.C. has assigned his full rights and obligations over the mentioned entity to Sawaeed Investments L.L.C. and is only entitled to management fee equivalent to 15% share in net profit of Takatof Employment Co. L.L.C.

(b) On 26 October 2021, the Board of Directors decided to dissolve Sawaeed Al Naba Catering Services LLC and Sawaeed Al Naba Facilities Management LLC. It was resolved by the Board to dissolve the companies voluntarily, with mutual agreement with the other shareholder. As at 31 December 2023, these subsidiaries have been liquidated and the cash proceeds have been distributed among the owners in ratio of their shareholdings (note 26).

(c) Sawaeed General Project-Sole Proprietorship L.L.C. was registered on 10 October 2023 for the above mentioned activities. Company has not started its operations as at year ended 31 December 2023.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Basis of consolidation (continued)

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

Profit or loss and each component of other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income of the subsidiary is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies into 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.

Revenue recognition

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five step model set out in IFRS 15:

- *Step 1: Identify the 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 the performance obligations in the contract*
  A performance obligation is a unit of account and 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 will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- *Step 5: Recognise revenue* when (or as) the entity satisfies a performance obligation
  The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
  - The customer simultaneously receives and consumes the benefits provided by the Group's performance as and when the Group performs;
  - The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
  - The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3 Summary of material accounting policy information (continued)

Revenue recognition (continued)

Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Group's activities.

Rendering of services

Revenue from services is recognised in the accounting period in which services are rendered.

Rental income

The Group's policy for recognition of revenue from operating leases is described under the policy on leasing.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Property and equipment

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

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

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years	
	2023	2022
Building	20	-
Furniture and fixtures	4 - 5	4 - 5
Camp and office equipment	4 - 5	4 - 5
Motor vehicles	5	5

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Investment property

Investment property comprises completed property. Completed property is property held to earn rentals and/or for capital appreciation and property under development is property being constructed or developed for future use as investment property.

Investment property in the course of construction is carried at cost, less any recognised impairment loss, if any. Cost includes all direct costs attributable to bringing the assets to the location and condition necessary for the asset to operate in the manner intended, including related staff costs, design, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, they are transferred from work-in-progress to completed property and depreciated in accordance with the Group's policies. Depreciation is recorded in the consolidated statement of profit or loss and other comprehensive income so as to write off the cost of a property over its estimated useful life using the straight-line method.

	Years
Buildings	30

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

The gain or loss arising on the disposal or retirement of investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss and other comprehensive income.

A transfer to, or from, investment property is made when there is a change in use. Change in use is determined based on the approved business plan of the Group which take in consideration the Group's future intentions and plans for the assets. Examples of change in use are as follows:

- commencement of owner-occupation, for a transfer from investment property to property and equipment;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from property and equipment to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses, if any. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of the assets are as follows:

	Years
Computer software	4
Camp management software	13

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

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

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 an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

Employee benefits

An accrual is made for the 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 year.

A provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed 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) of 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

Foreign currencies

For the purpose of these consolidated financial statements, UAE Dirham ("AED") is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

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

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

3 Summary of material accounting policy information (continued)

Leases (continued)

The Group as lessee (continued)

The Group did not make any such adjustments during the periods presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of profit or loss.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Financial instruments

Classification of financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of profit or loss.

3 Summary of material accounting policy information (continued)

Financial instruments (continued)

Classification of financial assets and financial liabilities (continued)

Financial assets

On initial recognition, a financial asset is classified as measured: at amortised cost, Fair Value Through Other Comprehensive Income (FVTOCI) or Fair Value Through Profit and Loss (FVTPL). A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Group's financial liabilities at amortised cost pertains to trade and other payables, due from related parties and loan from related party.

Subsequent measurement and gain or losses

- *Financial assets at amortised cost:*

  These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

3 Summary of material accounting policy information (continued)

Financial instruments (continued)

Classification of financial assets and financial liabilities (continued)

Subsequent measurement and gain or losses (continued)

- *Investment securities*

  The investment securities' caption in the statement of consolidated financial position includes equity securities designated as at FVTOCI.

  The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

  Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

- *Financial liabilities and amortised cost*

  Mainly includes borrowings and trade and other payables. After initial recognition, the aforementioned liabilities are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Reclassification

Financial assets

The Group only reclassify financial assets if, and only if, the objective of the business model for managing those financial assets is changed. Such changes are expected to be very infrequent as these changes must be significant to the Group's operations and demonstrable to external parties.

Financial liabilities

The Group determines the classification of financial liabilities on initial recognition. Subsequent reclassification is not permitted.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Financial instruments (continued)

Reclassification (continued)

Derecognition

- *Financial assets*

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

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

  Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

  The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

  In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

- *Measured at amortised cost*

  Any gain or loss on derecognition of financial assets measured at amortised cost is recognised in the statement of profit or loss.

- *Financial liabilities*

  The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model under IAS 39 with a forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Group recognises loss allowances for ECLs on the following instruments that are not measured at FVTPL:

- financial assets measured that are debt instruments carried at amortised cost or FVOCI; and
- financial guarantee contracts issued.

The Group measures loss allowances either using general or simplified approach as considered appropriate.

Under general approach, loss allowances are measured at an amount equal to 12-month expected credit loss except when there has been a significant increase in credit risk since inception. In such cases, the Group measures loss allowances at an amount equal to lifetime expected credit loss.

Under simplified approach, loss allowances are always measured at an amount equal to lifetime expected credit loss.

Lifetime ECL: These losses are the ECL that result from all possible default events over the expected life of a financial instrument, if there is significant increase in credit risk or under simplified approach.

12-month ECL: These losses are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECL are a probability-weighted estimate of credit losses. It is measured as follows:

- financial assets that are not credit-impaired: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive); and
- financial assets that are credit-impaired: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

3 Summary of material accounting policy information (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

Definition of default (continued)

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the statement or profit or loss.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty

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

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

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of investment property
When determining whether property, plant and equipment should be classified as investment property, the Group assesses whether the property is held to earn rentals or capital appreciation or both. The Group follows the guidance of IAS 40 on classifying its investment property. If the property meets the definition, the Group assesses the suitable basis for allocation for the ratio of leased out area in proportion to the total area of the property, either on the basis of floors or square meter area rented out.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The Group has recognised a loss allowance rates for each ageing bucket against trade receivables.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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:

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The lifetime ECL on trade receivables as at 31 December 2023 amounted to AED 70.71 million (2022: AED 62.84 million).

Impairment of property and equipment and investment property

Property and equipment and investment property are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. . The net present values are compared to the carrying amounts to assess any probable impairment. Management is satisfied that no impairment provision is necessary on property and equipment and investment property as at 31 December 2023.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

5 Property, plant and equipment

	Building AED	Furniture and fixtures AED	Camp and office equipment AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost						
At 1 January 2022	-	6,837,046	5,695,820	3,236,535	19,542,384	35,311,785
Additions	-	-	152,013	-	-	152,013
Transfer	19,542,384	-	-	-	(19,542,384)	-
Disposal	-	(8,503)	(51,484)	(259,812)	-	(319,799)
Written off	-	(99,610)	(1,307,625)	(460,883)	-	(1,868,118)
At 1 January 2023	19,542,384	6,728,933	4,488,724	2,515,840	-	33,275,881
Additions	-	131,980	435,178	-	-	567,158
Disposal	-	(161,414)	(10,075)	(7,800)	-	(179,289)
At 31 December 2023	**19,542,384**	**6,699,499**	**4,913,827**	**2,508,040**	**-**	**33,663,750**
Accumulated depreciation						
At 1 January 2022	-	6,526,806	5,353,478	2,498,241	-	14,378,525
Charge for the year	977,123	253,476	286,570	77,014	-	1,594,183
Disposal	-	-	-	(76,865)	-	(76,865)
Written off	-	(99,610)	(1,151,324)	(460,883)	-	(1,711,817)
At 1 January 2023	977,123	6,680,672	4,488,724	2,037,507	-	14,184,026
Charge for the year	977,123	77,965	206,346	74,531	-	1,335,965
Disposal	-	(130,675)	-	(6,590)	-	(137,265)
At 31 December 2023	**1,954,246**	**6,627,962**	**4,695,070**	**2,105,448**	**-**	**15,382,726**
Accumulated impairment loss						
At 1 January 2022	-	-	-	-	542,384	542,384
Transfer	542,384	-	-	-	(542,384)	-
At 1 January 2023/31 December 2023	**542,384**	**-**	**-**	**-**	**-**	**542,384**
Carrying amount						
At 31 December 2023	**17,045,754**	**71,537**	**218,757**	**402,592**	**-**	**17,738,640**
At 31 December 2022	18,022,877	48,261	-	478,333	-	18,549,471

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

5 Property and equipment (continued)

Depreciation is reflected in the consolidated statement of profit or loss and other comprehensive income as follows: cost of operations AED 1.20 million (2022: AED 1.23 million) (note 19) and general and administrative expenses AED 0.13 million (2022: AED 0.36 million) (note 20).

Capital work in progress relates to the construction of a training center owned by Sawaeed Training Center-Sole Proprietorship LLC, a subsidiary. The construction and the completion of the legal formalities for the training center was completed during the first quarter of 2022. The Training center is located on a leased land from Higher Corporation for Specialized Economic Zones (note 7).

6 Investment properties

	Buildings AED
Cost	
As at 31 December 2023	**119,038,452**
Accumulated depreciation	
As at 1 January 2022	54,495,590
Charge for the year	3,309,890
As at 1 January 2023	57,805,480
Charge for the year	**3,309,890**
At 31 December 2023	**61,115,370**
Carrying amount	
At 31 December 2023	**57,923,082**
At 31 December 2022	61,232,972

The investment property is constructed on a plot of land governed by a long-term operating lease agreement with Higher Corporation for Specialized Economic Zones ("ZonesCorp") on which the labour accommodation camp has been built (note 7).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

6 Investment properties (continued)

Investment property is stated at cost less accumulated depreciation. As at 31 December 2023, the fair value of the investment property was determined at AED 109.23 million (2022: AED 80.89 million) which is based on internal valuation made by the management based on discounted cash flows (DCF) method; fair value is estimated based on significant unobservable inputs. These inputs include: future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of the existing leases; discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows, and terminal value taking into account assumptions regarding maintenance costs, and market rents (2022: AED 80.89 million, based on valuations performed by an accredited independent valuer using the DCF approach).

The Group's investment property is categorised into Level 3 of the fair value hierarchy. There were no transfers between Level 1, 2 and 3 during current and previous years.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property categorised into Level 3 of the fair value hierarchy using discounted cash flow model that internally developed by the Group, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Sensitivity**
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, considering the expected rental growth rate, occupancy rate, and other costs not paid by tenants. The expected net cash flows are discounted using risk- adjusted discount rate. Among other factors, the discount rate estimation considers the quality of a building and its location.	- Expected market rental growth (2023: 1%-5%; 2022: 1%). - Occupancy rate (2023: 92-95%; 2022: 80-95%). - Risk-adjusted discount rates (2023: 10.0%; 2022: 10.0%)	The estimated fair value would increase/(decrease) if: - expected market rental growth were higher/ (lower); - the risk-adjusted discount rate was lower/(higher); - the occupancy rate was higher/(lower).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

7 Leases

Group as a Lessee

Lease contracts with Higher Corporation for Specialized Economic Zones
The Group has entered into two long-term operating lease agreements with Higher Corporation for Specialized Economic Zones to rent plots of land in the UAE on which the labour accommodation camp and training centre have been built.

Right of use asset and lease liabilities:

The associated right-of-use asset was measured at the amount equal to the lease liabilities. The movement in right of use asset during the year is as follows;

	Right of use asset - Accommodation AED	**Lease liabilities AED**
At 1 January 2022	30,020,921	30,361,454
Depreciation expense	(854,390)	-
Interest expense	-	1,602,046
Payments	-	(1,935,141)
At 1 January 2023	29,166,531	30,028,359
Additions during the year	1,648,254	1,648,254
Depreciation expense	(705,351)	-
Interest expense	-	1,678,351
Payments	-	(1,903,944)
At 31 December 2023	**30,109,434**	**31,451,020**

Amounts recognised in profit and loss

	2023 AED	2022 AED
Interest expense on lease liabilities (note 21)	**1,678,351**	1,602,046
Depreciation expense on right-of-use assets (notes 19)	**705,351**	854,390

The total cash outflow for leases amount to AED 1.9 million (2022: AED 1.9 million).

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

7 Leases (continued)

Group as a Lessee (continued)

Classification of lease liabilities and maturity analysis:

	2023 **AED**	2022 AED
Current portion	**1,943,614**	1,974,813
Non-current portion	**29,507,406**	28,053,546
	31,451,020	30,028,359
Maturity analysis		
Not later than 1 year	**1,943,614**	1,974,813
Later than 1 year and not later than 5 years	**7,774,456**	6,728,281
Later than 5 years	**21,732,950**	21,325,265

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liabilities are monitored within the Group's treasury function.

8 Investment securities carried through FVTOCI

Investment securities rollforward are as follows:

	2023 **AED**	2022 AED
At the beginning of the year	**71,179,433**	30,209,755
Purchases	**3,206,808**	27,125,678
Fair value (loss)/gain on investment securities carried at FVTOCI – equity	**(3,285,429)**	20,950,913
Disposals during the year	**(328,622)**	(7,106,913)
At the end of the year	**70,772,190**	71,179,433

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

8 Investment securities carried through FVTOCI (continued)

The above investments are categorised as:

	2023	2022
	AED	AED
Investment securities at FVTOCI - quoted shares:		
Shares in listed banks in UAE	**70,772,190**	71,179,433

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors of the Group have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The fair value of the quoted equity securities is determined by reference to quoted market prices at the close of business at the end of the reporting date.

The dividend income received from the investments for the year amounted to AED 1 million (2022: AED 0.67 million).

9 Related parties

Related parties comprise the Shareholders, Directors and key management and entities in which they have the ability to control and exercise significant influence in financial and operational decisions. The Group maintains balances with these related parties, which arise from commercial transactions as follows:

	2023	2022
	AED	AED
Due to a related party:		
Al Naba Catering Services L.L.C	**-**	43,598

During the year, the Group entered into the following significant transactions with related parties carried out on terms and conditions agreed between the parties.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

9 Related parties (continued)

	2023 **AED**	2022 AED
Revenue	**-**	236,104
Cost sharing charges	**-**	100,000
Purchases	**-**	561,992
Board of Directors' remuneration (note 20)	**1,000,000**	1,000,000
Key management compensation:		
Salaries and other short-term employee benefits	**1,140,000**	1,140,000
Post-employment and other benefits	**228,000**	228,000
	1,368,000	1,368,000

10 Trade receivables and other current assets

	2023 **AED**	2022 AED
Trade receivables	**180,347,652**	175,529,868
Less: allowance for credit loss	**(70,706,874)**	(62,849,146)
	109,640,778	112,680,722
Prepayments and other receivables	**9,318,285**	6,897,843
Advances and other receivables	**6,736,772**	8,563,537
	125,695,835	128,142,102

The average contractual credit period on rendering of services is 60 days (2022: 60 days), whereas the actual average collection period is considered as 180 days (2022: 180 days). Late payment penalty is charged to customers. Other income generated from late payment penalties during the year amounts to AED 0.44 million (2022: AED 0.02 million). No interest is charged on other current assets. The Group has determined the allowance for credit loss on the basis of past history and analysis of capacity of clients to make future payments.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

10 Trade receivables and other current assets (continued)

Before accepting any new customer, the Group assesses the potential credit quality of the customer. At the end of the year, an amount of AED 58.3 million (2022; AED 66.06 million) representing 33% (2022: 37%) of total trade receivables is due from the Group's 5 major customers.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Collectively assessed AED	Individually assessed AED	Total AED
As at 1 January 2022	8,280,798	41,229,727	49,510,525
Net remeasurement of loss allowance	1,044,356	12,426,395	13,470,751
Amounts written off	-	(132,130)	(132,130)
Reallocated provision	(1,131,810)	1,131,810	-
As at 1 January 2023	8,193,344	54,655,802	62,849,146
Net remeasurement of loss allowance	2,405,943	5,451,785	7,857,728
As at 31 December 2023	**10,599,287**	**60,107,587**	**70,706,874**

		Past due					
	Current AED	<30 AED	31 - 60 AED	61 – 90 AED	>91 AED	Individually assessed AED	Total AED
31 December 2023							
Average expected credit loss rate	**16.96%**	**11.31%**	**11.13%**	**12.72%**	**9.85%**	**69.56%**	**39.21%**
Estimated total gross carrying amount at default	**12,324,423**	**10,012,703**	**8,384,347**	**7,587,509**	**55,631,981**	**86,406,689**	**180,347,652**
Lifetime ECL	**2,090,832**	**1,132,802**	**932,970**	**965,153**	**5,477,530**	**60,107,587**	**70,706,874**
31 December 2022							
Average expected credit loss rate	10.76%	12.70%	13.60%	14.51%	11.30%	51.50%	35.81%
Estimated total gross carrying amount at default	8,409,843	7,138,157	6,339,109	4,715,121	42,798,294	106,129,344	175,529,868
Lifetime ECL	904,655	906,386	861,906	684,200	4,836,197	54,655,802	62,849,146

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

11 Cash and bank balances

	2023	2022
	AED	AED
Cash on hand	**72,075**	143,326
Cash at banks	**33,882770**	46,777,492
Cash and cash equivalents	**33,954,845**	46,920,818
Add: term deposits with original maturities more than three months	**46,090,084**	32,684,984
Cash and bank balances	**80,044,929**	79,605,802

Term deposits carry fixed interest rates ranging from 4.62% to 5.2% (2022: 3% to 4.78%).

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the Group has assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

12 Share capital

As at 31 December 2023, the Company's authorised share capital comprises 51.10 million ordinary shares with a par value of AED 1 each (2022: 51.10 million ordinary shares with a par value of AED 1 each). As at 31 December 2023, the paid up capital of the Company is AED 51.10 million (2022: AED 51.10 million).

13 Legal reserve

In accordance with the Company's Memorandum of Association and the UAE Federal Law No. (32) of 2021, 10% of the profit for the year is to be transferred to a legal reserve that is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid up share capital of the Company.

14 Other reserve

Other reserve pertains to the non-distributable legal reserve of the subsidiaries.

15 Dividends

As authorized by the Shareholders at the General Assembly Meeting held on 20 March 2023, the Board of Directors approved a cash dividend of 10 fils per share to the shareholders in respect of the year ended 31 December 2022. The dividend comprised AED 5,110,000 (2022: AED 15,330,000) and was paid subsequently.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

16 Provision for employees' end of service benefit

The movement in the provision for employees' end of service benefit is as follows:

	2023	2022
	AED	AED
At the beginning of the year	**13,020,788**	11,891,814
Charge during the year	**2,074,667**	4,177,329
Payments during the year	**(2,184,740)**	(3,048,355)
At the end of the year	**12,910,715**	13,020,788

During the year, the Group made a pension contribution for an amount of AED 0.45 million (2022: AED 0.39 million) in respect of GCC national employees to the UAE General Pension and Social Security Authority in accordance with the UAE federal Law no 7 of 1999 for pension and social security and Abu Dhabi Pension fund Law no 2 of 2000 Regarding Civil Retirement Pensions And Benefits In The Emirate Of Abu Dhabi And Its Amendments. Such contributions are charged to profit or loss during the employees' period of service.

17 Trade and other payables

	2023	2022
	AED	AED
Salaries and staff benefit payable	**15,938,749**	13,875,539
Trade payables	**3,457,501**	4,469,220
Advances from customers	**2,327,965**	3,708,449
Accruals and other payables	**2,526,023**	4,434,251
Retentions payable	**536,060**	1,936,062
	24,786,298	28,423,521

The average credit period on purchase of goods is 60 days (2022: 60 days). No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

18 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time in the following major product lines.

	2023	2022
	AED	AED
Revenue over time		
Manpower services	**127,205,495**	107,914,567
Workers' accommodation	**11,457,379**	10,810,237
Facilities management services	**793,352**	847,914
Training services	**368,497**	118,243
	139,824,723	119,690,961
Revenue at point in time		
Food and catering services revenue	**-**	3,082,418
	139,824,723	122,773,379

19 Cost of operations

	2023	2022
	AED	AED
Salaries and wages	**63,483,388**	60,767,896
Food and catering	**9,905,694**	11,148,213
Immigration and visa expenses	**8,591,562**	5,812,942
Travel and transportation	**6,279,818**	5,341,327
Utilities	**4,408,784**	3,831,477
Insurance	**4,165,604**	5,320,130
Leave pay, air tickets and other benefits	**3,769,878**	2,585,878
Depreciation of investment property (note 6)	**3,309,890**	3,309,890
Accommodation	**2,910,269**	2,744,088
Pension and employees' end of service benefit charge	**1,779,715**	3,787,844
Facility management and other related charges	**983,854**	1,986,927
Repair and maintenance	**863,521**	888,588
Depreciation of right of use asset (note 7)	**705,351**	854,390
Workers tools and uniforms	**564,113**	492,339
Depreciation of property and equipment (note 5)	**1,204,352**	1,232,189
Consumables and spares	**4,958**	44,717
Others	**261,673**	692,424
	113,192,424	110,841,259

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

20 General and administrative expenses

	2023 AED	2022 AED
Salaries and wages	**8,563,657**	7,560,477
Depreciation of property and equipment (note 5)	**131,613**	361,994
Professional fees	**1,096,649**	1,883,212
Board of directors' remuneration (note 9)	**1,000,000**	1,000,000
Repair and maintenance	**851,823**	816,644
Leave pay, air tickets and other benefits	**932,577**	877,249
Commission	**801,979**	337,267
Travel and transportation	**596,885**	544,162
Rent expense	**399,241**	416,377
Legal expenses	**357,039**	534,606
Utilities	**331,042**	327,750
Marketing expense	**243,748**	110,144
Pension and employees' end of service benefit charge	**294,952**	384,757
Insurance	**219,924**	69,927
Food and catering	**123,464**	102,827
Amortisation of intangibles	**118,519**	123,881
Finder fees	**45,578**	153,468
Others	**599,985**	833,494
	16,708,675	16,438,236

21 Finance cost

	2023 AED	2022 AED
Bank charges, net	**184,635**	160,223
Interest expense on lease liabilities (noted 7)	**1,678,351**	1,602,046
	1,862,986	1,762,269

22 Other income

	2023 AED	2022 AED
Dividend income	**1,006,066**	672,216
Penalty income	**592,000**	1,400,000
Others	**2,246,932**	1,213,164
	3,844,998	3,285,380

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

23 Basic and diluted earnings/(loss) per share

Earnings per share amounts are calculated by dividing the profit attributable to shareholders of the Group by the weighted average number of share outstanding during the year

	2023 **AED**	2022 AED
Profit/(loss) attributable to owners of the Company from continuing operations	**6,358,599**	(15,286,468)
Weighted average number of shares in issue	**51,100,000**	51,100,000
Earnings/(loss) per share	**0.124**	(0.299)

There were no potentially dilutive securities as at 31 December 2023 and 2022, and accordingly, diluted earnings per share are the same as basic earnings per share.

24 Segmental reporting

The Group has three reportable segments, as described below, which are aligned with the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

- Manpower outsourcing segment, which involves provision of manpower services;
- Workers' accommodation, which involves in real estate enterprises investment, development, institution and management; and camps and labour accommodation management; and
- Other segments include the Group's business operations on catering, facilities management and training services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

24 Segment reporting (continued)

For the year ended 31 December 2023:

	Manpower outsourcing AED	Workers' accommodation AED	Others AED	Eliminations AED	Group AED
External revenue					
Timing of revenue recognition					
Over time	**127,205,495**	**11,457,379**	**793,352**	**-**	**139,456,226**
Point in time	**-**	**-**	**368,497**	**-**	**368,497**
Revenue from external customers	**127,205,495**	**11,457,379**	**1,161,849**	**-**	**139,824,723**
Intersegment revenue	**2,008,599**	**10,104,387**	**3,955,000**	**(16,067,986)**	**-**
Direct costs	**(111,199,277)**	**(13,976,034)**	**(4,487,614)**	**16,470,501**	**(113,192,424)**
Gross profit	**18,014,817**	**7,585,732**	**629,235**	**402,515**	**26,632,299**
General and administrative expenses	**(14,251,024)**	**(2,337,611)**	**(11,987,200)**	**11,867,160**	**(16,708,675)**
Provision for expected credit of trade receivables	**(7,857,728)**	**-**	**-**	**-**	**(7,857,728)**
Finance income, net	**333,650**	**(1,275,767)**	**1,389,822**	**-**	**447,705**
Other income	**2,275,127**	**2,933,721**	**(561,687)**	**(802,163)**	**3,844,998**
Profit for the year	**(1,485,158)**	**6,906,075**	**(10,529,830)**	**11,467,512**	**6,358,599**

24 Segment reporting (continued)

For the year ended 31 December 2022:

	Manpower outsourcing AED	Workers' accommodation AED	Others AED	Eliminations AED	Group AED
External revenue					
Timing of revenue recognition					
Over time	107,914,567	10,810,237	966,157	-	119,690,961
Point in time	-	-	3,082,418	-	3,082,418
Revenue from external customers	107,914,567	10,810,237	4,048,575	-	122,773,379
Intersegment revenue	2,294,531	8,841,135	3,975,475	(15,111,141)	-
Direct costs	(103,765,407)	(14,611,837)	(7,647,586)	15,183,571	(110,841,259)
Gross profit	6,443,691	5,039,535	376,464	72,430	11,932,120
General and administrative expenses	(13,716,373)	(1,384,590)	(8,243,926)	6,906,653	(16,438,236)
Provision for expected credit of trade receivables	(13,470,749)	-	-	-	(13,470,749)
Finance income/(cost), net	714,481	(1,280,190)	(317,518)	-	(883,227)
Other income	1,476,307	6,280,777	473,566	(4,945,270)	3,285,380
Loss for the year	(18,552,643)	8,655,532	(7,711,414)	2,033,813	(15,574,712)

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

24 Segment reporting (continued)

	Manpower AED	Workers' accommodation AED	Others AED	Eliminations AED	Group AED
As at 31 December 2023:					
Total current assets	**157,599,035**	**41,498,534**	**61,563,575**	**(54,920,380)**	**205,740,764**
Total non-current assets	**106,728,524**	**81,454,251**	**24,130,815**	**(34,951,705)**	**177,361,885**
Total assets	**264,327,559**	**122,952,785**	**85,694,390**	**(89,872,085)**	**383,102,649**
Total liabilities	**50,669,342**	**29,146,382**	**79,947,801**	**(89,719,085)**	**70,044,440**
As at 31 December 2022:					
Total current assets	167,591,903	32,452,253	61,478,289	(53,774,541)	207,747,904
Total non-current assets	114,030,987	85,735,343	23,039,729	(41,740,594)	181,065,465
Total assets	281,622,890	118,187,596	84,518,018	(95,515,135)	388,813,369
Total liabilities	61,645,866	29,887,268	75,774,214	(95,362,135)	71,945,213

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

25 Commitments and contingencies

	2023	2022
	AED	AED
Bank guarantees and performance bonds	**3,815,543**	3,716,437

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

26 Liquidation of subsidiaries

On 26 October 2021, the Board of Directors decided to dissolve Sawaeed Al Naba Catering Services LLC and Sawaeed Al Naba Facilities Management LLC. It was resolved by the Board to dissolve the companies voluntarily, with mutual agreement with the other shareholder.

As at 31 December 2023, the operations of both subsidiaries have ceased. Liquidator had been appointed by the Group and the liquation process has been completed. Proceeds received from the disposal of net assets of the subsidiaries has been distributed among the shareholders in the ratio of their respective shareholdings.

Name of subsidiary	**Date of liquidation**	**Proportion of equity liquidated %**
Sawaeed Alnaba Facilities Management L.L.C.	23 May 2023	51%
Sawaeed Alnaba Catering Co. L.L.C.	23 May 2023	51%

Details of the assets and liabilities derecognised at the date of liquidation of subsidiaries are as follows:

	Sawaeed Alnaba Facilities Management L.L.C. AED	**Sawaeed Alnaba Catering Co. L.L.C. AED**	**Total AED**
Assets			
Property and equipment (note 5)	33,113	8,911	42,024
Trade and other receivables	10,608	6,687	17,295
Due from related parties	-	442,884	442,884
Cash and bank balances	1,702,020	1,502,885	3,204,905
Total assets	**1,745,741**	**1,961,367**	**3,707,108**
Liabilities			
Trade and other payables	5,626	49,961	55,587
Due to related parties	116,104	-	116,104
Total liabilities	**121,730**	**49,961**	**171,691**

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

26 Liquidation of subsidiaries (continued)

	Sawaeed Alnaba Facilities Management L.L.C. AED	Sawaeed Alnaba Catering Co. L.L.C. AED	Total AED
Net assets at the date of liquidation	**1,624,011**	**1,911,406**	**3,535,417**
Cash distribution on liquidation	**815,783**	**973,942**	**1,789,725**
Non-controlling interest	**836,528**	**936,589**	**1,773,117**
(Gain)/loss on distribution of subsidiaries	**(28,300)**	**875**	**(27,425)**

The Group paid AED 1.77 million to the non-controlling interest owners as at 31 December 2023 (31 December 2022: AED 0.98 million).

27 Financial instruments, financial risks and capital management

Financial instruments classification

The Group's financial assets are classified at amortized cost pertaining to cash and bank balances and trade receivables and FVOCI pertaining to investment securities. The Group's financial liabilities at amortised cost pertains to trade and other payables, due from related parties, loan from related party and lease liabilities.

Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern through the optimisation of the debt and equity balances. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives.

The capital structure of the Group consists of cash and cash equivalents and equity (comprising of share capital, additional paid in capital, legal reserve and retained earnings).

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk and market risks (equity price risk and interest rate risk). The Group has not framed formal risk management policies, however, the risks are monitored by management on a continued basis. The Group does not enter into or trade in financial instruments, derivative financial instruments, for speculative purposes.

The Group does not have any significant exposure to foreign currency risk as all of its assets are denominated in AED.

27 Financial instruments, financial risks and capital management (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, and arises principally from the Group's trade and other receivables and bank balances. The Group has adopted a policy of only dealing with creditworthy counterparties, however significant revenue is generated by dealing with high profile customers, for whom the credit risk is assessed to be low. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific non-related counter-parties, and continually assessing the creditworthiness of such non-related counter-parties. Bank balances are assessed to have low credit risk of default since these banks are highly regulated by the UAE Central Bank.

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

As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its Management to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >60-180 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >181-240 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27 Financial instruments, financial risks and capital management (continued)

Credit risk management (continued)

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Notes	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED	Loss allowance AED	Net carrying amount AED
31 December 2023							
Trade receivables	10	N/A	i	Lifetime ECL	**180,347,652**	**(70,706,874)**	**109,640,778**
Cash and bank balances	11	AA	N/A	12-month ECL	**80,044,929**	**-**	**80,044,929**
31 December 2022							
Trade receivables	10	N/A	i	Lifetime ECL	175,529,868	(62,849,146)	112,680,722
Cash and bank balances	11	AA	N/A	12-month ECL	79,605,802	-	79,605,802

i. For trade receivables and due from related parties, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group always measures the loss allowance for trade receivables and due from related parties at an amount equal to lifetime ECL.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The responsibility of liquidity risk rests with management, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

Notes to the consolidated financial statements for the year ended 31 December 2023 (continued)

27 Financial instruments, financial risks and capital management (continued)

Liquidity risk management (continued)

The table below summarises the maturity profile of the Group's financial liabilities. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The contractual maturities of the financial liabilities, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

	Less than 1 year AED	More than 1 year AED	Total AED
31 December 2023			
Trade and other payables (excluding advances from customers)	**23,799,457**	**-**	**23,799,457**
Lease liability	**1,943,614**	**29,507,406**	**31,451,020**
	25,743,071	**29,507,406**	**55,250,477**
31 December 2022			
Trade and other payables (excluding advances from customers)	22,458,333	-	22,458,333
Lease liability	1,518,583	28,509,776	30,028,359
Due to related parties	43,598	-	43,598
	24,020,514	28,509,776	52,530,290

Market risk

The Group's activities expose it primarily to the financial risks of changes in equity prices and interest rates.

During the year, there has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Equity price risks

The Group is exposed to equity price risks arising from quoted equity investments. Quoted equity investments are held for strategic purposes.

The Group monitors the risk of changes in equity prices by sensitivity analysis taking 100 basis points change due to the volatile nature of the market in which the securities are listed.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27 Financial instruments, financial risks and capital management (continued)

Equity price risks (continued)

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 100 basis points higher/lower, the Group's equity and the corresponding value of investment securities would increase/decrease by AED 0.71 million (2022: AED increase/decrease by AED 0.71 million) as a result of Group's portfolio classified as investment securities carried through FVTOCI.

The Group's sensitivity to equity prices has increased significantly from the prior year due to the increase in the quoted investments portfolio.

Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair values.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1**: quoted prices in active markets for assets and liabilities
- **Level 2**: inputs other than quoted prices included within Level 1 are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
2023				
Investment securities	**70,772,190**	-	-	**70,772,190**
2022				
Investment securities	71,179,433	-	-	71,179,433

Transfer between categories

There were no transfers between level 1 and level 2 fair value measurements, and none transfers into or out of level 3 fair value measurements during 2023 (2022: none).

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

28 Corporate tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (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.

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

The Group has conducted an assessment of the potential impact of these laws and regulations. Based on this assessment, the Group has determined that no deferred tax implications to be considered in the preparation of these consolidated financial statements.

29 IFRS Sustainability Disclosure Standards

On 26 June 2023, the International Sustainability Standards Board (ISSB) published first two IFRS Sustainability Disclosure Standards at the IFRS Foundation Conference 2023:

- IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* - IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

- IFRS S2 *Climate-related Disclosures* - IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Subject to adoption by the local jurisdiction, both Standards are effective for annual periods beginning on or after 1 January 2024, with substantial transitional reliefs to allow preparers more time to align reporting of sustainability related financial disclosures and financial statements

30 Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 23 February 2024.