ESG Emirates Stallions Group PJSC and its Subsidiaries

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED 31 MARCH 2024

Building a better working world

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REPORT ON REVIEW OF

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

ESG EMIRATES STALLIONS GROUP PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of ESG Emirates Stallions Group PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2024, comprising of the interim condensed consolidated statement of financial position as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three month period then ended, and material accounting policy information and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

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

29 April 2024
Abu Dhabi

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2024

	Note	*(Unaudited) 31 March 2024 AED'000*	*(Audited) 31 December 2023 AED'000*
ASSETS			
Non-current assets			
Property and equipment	5	**295,854**	295,572
Investment properties	6	**82,841**	83,539
Intangible assets and goodwill		**102,347**	40,498
Right-of-use assets		**66,211**	70,294
Investments in associates and joint ventures	7	**1,197,143**	1,223,777
Financial assets at fair value through other comprehensive income	8.1	**62,465**	62,604
Deferred tax assets	22	**1,385**	401
Trade and other receivables	9	**30,147**	30,075
Due from related parties	10	**950**	950
		1,839,343	1,807,710
Current assets			
Inventories		**104,834**	116,797
Development work in progress		**81,706**	79,073
Financial assets at fair value through profit or loss	8.2	**39,103**	45,864
Due from related parties	10	**77,296**	86,319
Trade and other receivables	9	**527,514**	346,799
Cash and bank balances	11	**556,760**	577,939
		1,387,213	1,252,791
TOTAL ASSETS		**3,226,556**	3,060,501
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**250,000**	250,000
Statutory reserve	14	**90,846**	90,846
Merger, acquisition and other reserves		**814,610**	834,657
Currency translation reserve		**(277)**	(251)
Cumulative changes in fair value reserve		**25,973**	26,112
Fair value of cashflow hedges		**(2,337)**	(3,471)
Retained earnings		**870,180**	805,095
Equity attributable to the equity holders of the parent		**2,048,995**	2,002,988
Non-controlling interests		**306,942**	284,952
Total equity		**2,355,937**	2,287,940
Non-current liabilities			
Employees' end of service benefits		**46,159**	41,198
Deferred tax liabilities	22	**3,393**	593
Lease liabilities		**41,702**	46,804
Trade and other payables		**2,792**	2,792
Bank borrowings	15	**39,428**	49,338
Due to related parties	10	**2,520**	2,520
		135,994	143,245

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

At 31 March 2024

	Note	*(Unaudited) 31 March 2024 AED'000*	*(Audited) 31 December 2023 AED'000*
EQUITY AND LIABILITIES continued			
Current liabilities			
Due to related parties	10	**30,703**	16,426
Lease liabilities		**24,998**	32,353
Bank borrowings	15	**29,914**	32,502
Income tax payable	22	**3,726**	-
Trade and other payables		**645,284**	548,035
		734,625	629,316
Total liabilities		**870,619**	772,561
TOTAL EQUITY AND LIABILITIES		**3,226,556**	3,060,501

Chairman | Chief Executive Officer | Chief Financial Officer

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three month period ended 31 March 2024

	Notes	*Three months ended 31 March*	
		(Unaudited) 2024 AED'000	*(Unaudited) 2023 AED'000*
Continuing operations			
Revenue	16	**303,305**	175,691
Direct costs		**(213,494)**	(138,556)
GROSS PROFIT		**89,811**	37,135
General and administrative expenses		**(25,443)**	(12,660)
Selling and distribution expenses		**(32,478)**	-
Share of profit from investment in associates and joint ventures	7	**11,369**	622
Gain from change in fair value of biological assets		**-**	61
Loss from change in fair value of financial assets carried at fair value through profit or loss	8.2	**(6,761)**	(5,480)
Fair value gain on previously held equity interest	7	**29,917**	210
Other income		**7,072**	1,840
Finance costs		**(2,377)**	(266)
PROFIT BEFORE TAX FOR THE PERIOD FROM CONTINUING OPERATIONS		**71,110**	21,462
Corporate income tax for the period	22	**(2,543)**	-
Profit for the year from continuing operations		**68,567**	21,462
Discontinued operations			
Profit for the period from discontinued operations	21	**-**	4,880
PROFIT FOR THE PERIOD		**68,567**	26,342
Attributable to:			
Equity holders of the parent company:			
Continuing operations		**65,085**	19,694
Discontinued operations		**-**	3,416
		65,085	23,110
Non-controlling interest:			
Continuing operations		**3,482**	1,768
Discontinued operations		**-**	1,464
		3,482	3,232
Basic and diluted earnings per share (AED)	17	**0.26**	0.09
Basic and diluted earnings per share (AED) – continuing operations	17	**0.26**	0.08

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three month period ended 31 March 2024

	Note	*Three months ended 31 March*	
		(Unaudited) 2024 AED'000	*(Unaudited) 2023 AED'000*
PROFIT FOR THE PERIOD		**68,567**	26,342
Other comprehensive income (loss):			
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Foreign exchange difference on translation of foreign operations		**(26)**	45
Share of fair value gain on cash flow hedges of an associate	7	**1,134**	-
		1,108	45
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Change in fair value of financial assets carried at fair value through other comprehensive income	8.1	**(139)**	(2,639)
Total other comprehensive income (loss) for the period		**969**	(2,594)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**69,536**	23,748
Attributable to:			
Equity holders of the parent		**66,054**	20,516
Non-controlling interests		**3,482**	3,232
		69,536	23,748

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2024

	Attributable to equity holders of the parent									
	Share capital AED'000	*Statutory reserve AED'000*	*Merger, acquisition and other reserves AED'000*	*Currency translation reserve AED'000*	*Cumulative changes in fair value reserve AED'000*	*Fair value of cash flow hedges AED'000*	*Retained earnings AED'000*	*Equity attributable to the equity holders of the parent AED'000*	*Non-controlling interests AED'000*	*Total AED'000*
Balance at 1 January 2023	250,000	23,705	181,358	(300)	28,262	-	200,820	683,845	74,057	757,902
Profit for the period	-	-	-	-	-	-	23,110	23,110	3,232	26,342
Other comprehensive loss for the period	-	-	-	45	(2,639)	-	-	(2,594)	-	(2,594)
Total comprehensive income for the period	-	-	-	45	(2,639)	-	23,110	20,516	3,232	23,748
Dividend payment to non-controlling interest	-	-	-	-	-	-	-	-	(4,000)	(4,000)
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	79,486	79,486
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,652	1,652
Acquisition of assets from entity under common control	-	-	514,031	-	-	-	-	514,031	-	514,031
Balance at 31 March 2023	250,000	23,705	695,389	(255)	25,623	-	223,930	1,218,392	154,427	1,372,819
Balance at 1 January 2024	250,000	90,846	834,657	(251)	26,112	(3,471)	805,095	2,002,988	284,952	2,287,940
Profit for the period	-	-	-	-	-	-	65,085	65,085	3,482	68,567
Other comprehensive income for the period	-	-	-	(26)	(139)	1,134	-	969	-	969
Total comprehensive income for the period	-	-	-	(26)	(139)	1,134	65,085	66,054	3,482	69,536
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	18,486	18,486
Acquisition of a subsidiary (note 12.1)	-	-	-	-	-	-	-	-	17,594	17,594
Acquisition of non-controlling interest (note 12.2)	-	-	(20,047)	-	-	-	-	(20,047)	(17,572)	(37,619)
Balance at 31 March 2024	**250,000**	**90,846**	**814,610**	**(277)**	**25,973**	**(2,337)**	**870,180**	**2,048,995**	**306,942**	**2,355,937**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three month period ended 31 March 2024

	Note	*(Unaudited) 31 March 2024 AED'000*	*(Unaudited) 31 March 2023 AED'000*
OPERATING ACTIVITIES			
Profit before tax for the period – continuing operations		**71,110**	21,462
Profit before tax for the period – discontinued operations		**-**	4,880
Profit before tax for the period		**71,110**	26,342
Adjustments for:			
Depreciation of property and equipment	5	**5,328**	2,225
(Gain) loss on disposal of property and equipment		**(310)**	106
Depreciation of right-of-use assets		**11,185**	422
Depreciation on investment properties	6	**698**	-
Amortisation on intangible assets		**2,223**	15
Share of profit from associate and joint ventures	7	**(11,369)**	(622)
Gain on change in fair value of biological assets		**-**	(61)
Loss on change in fair value of financial assets carried at fair value through profit or loss	8.2	**6,761**	4,094
Provision for employees' end of service benefits		**2,828**	1,666
Fair value gain on previously held equity interest	7	**(29,917)**	(210)
Gain on bargain purchase		**-**	(825)
Provision for expected credit losses – trade and other receivables	9	**1,411**	1,220
(Reversal) provision for expected credit losses – due from related parties		**(1,692)**	551
Finance costs		**2,377**	292
		60,633	35,215
Working capital adjustments:			
Inventories		**11,963**	(1,326)
Trade and other receivables		**(60,517)**	(90,643)
Development work in progress		**(2,633)**	-
Due from related parties		**31,182**	26,176
Biological assets - plants		**-**	147
Trade and other payables		**(39,302)**	68,646
Due to related parties		**(14,278)**	(8,022)
Cash (used in) from operations		**(12,952)**	30,193
Employees' end of service benefits paid		**(1,753)**	(2,220)
Finance costs paid		**(1,576)**	(185)
Net cash (used in) from operating activities		**(16,281)**	27,788
INVESTING ACTIVITIES			
Net cash paid on acquisition of entities under common control		**-**	(248,046)
Net cash acquired in business combination		**45,082**	-
Cash paid for acquisition of non-controlling interest	12.2	**(37,619)**	-
Purchase of property and equipment	5	**(5,700)**	(10,517)
Purchase of intangible assets		**(15)**	(15)
Purchase of financial assets carried at fair value through profit or loss		**-**	(1,809)
Proceeds from sale of property and equipment		**629**	587
Proceeds from disposal of financial assets carried at fair value through profit or loss		**-**	1,750
Dividends received from associates and joint ventures		**-**	6,750
Movement in restricted cash		**(14,086)**	-
Movement in fixed deposits with original maturity more than three months		**33,673**	27,300
Net cash from (used in) investing activities		**21,964**	(224,000)

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) continued

For the period ended 31 March 2024

	Notes	*(Unaudited) 31 March 2024 AED'000*	*(Unaudited) 31 March 2023 AED'000*
FINANCING ACTIVITIES			
Principal paid on lease liabilities		**(13,258)**	(169)
Repayment of bank borrowings	15	**(12,498)**	-
Capital injection by non-controlling interest		**18,486**	-
Dividends paid to non-controlling interest		**-**	(4,000)
Net cash used in financing activities		**(7,270)**	(4,169)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,587)**	(200,381)
Cash and cash equivalents at beginning of the period		**180,136**	349,085
Effect of foreign exchange rate changes		**(5)**	(2)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	**178,544**	148,702
Non-cash transactions:			
Capital injection by non-controlling interest		**-**	79,486

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

1 GENERAL INFORMATION

ESG Emirates Stallions Group PJSC ("the Company") is a private joint stock company incorporated under UAE Federal Law. The registered office address of the Company is P.O. Box 32619, Abu Dhabi, United Arab Emirates.

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

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries, associate and joint ventures (together referred to as the "Group"). The main activities of the Group are buying, selling, and dividing plots, development, management, sale and leasing of real estate and investment, institution, marketing and management of real estate, commercial, agricultural, tourist companies, general, technical, commercial, building, construction, afforestation, irrigation network, rainwater drainage network, sewerage network contracting services and other associated business, landscaping, gardening, disinfection, sterilization and street cleaning, irrigation services, agricultural materials, house and animal pesticides, natural or chemical fertilizers, seeds, plants and tree sapling retail and wholesale trading. The Group's activities also include architectural, engineering, projects management, real estate, administrative, marketing, economic feasibility , human resource and logistic consultancy, marketing operation management, supply of on demand labours, temporary employment, domestic workers mediation, onshore and offshore oil and gas fields and facilities services, interior design implementation, manufacturing and trading of house and office furniture, importing, exporting, commercial brokerage, hospitality services, hotel accommodation and hotel management.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issuance on 29 April 2024.

2.1 BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023. In addition, results for the three month period ended 31 March 2024 are not necessarily indicative of the results for the year ending 31 December 2024.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that have been measured at fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED'000) except when otherwise indicated, being the presentation currency of the Group.

2.2 BASIS FOR CONSOLIDATION

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

Control is achieved when the Group:

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners 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 financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.2 BASIS FOR CONSOLIDATION continued

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.

Details of the Company's subsidiaries are as follows:

Nos.	*Name of subsidiaries*	*Ownership percentage*		*Place of incorporation*	*Principal activities*
		2024	*2023*		
1	ESG Holding-Sole Proprietorship LLC	**100%**	100%	UAE	Management services of companies and private institutions, land and real estate purchase and sale.
2	Abu Dhabi Land General Contracting LLC	**100%**	100%	UAE	Technical, building construction & maintenance contracting, general contracting, and associated business.
3	Royal Architect Project Management LLC	**100%**	100%	UAE	Architectural engineering consultancy, construction projects management consultancy.
4	Royal Development Company LLC	**100%**	100%	UAE	Real estate development construction, real estate enterprise investment, development, institution and management, lease management, marketing, economic feasibility, and real estate consultancy.
5	ESG Companies Management-Sole Proprietorship LLC	**100%**	100%	UAE	Management services of the companies and private institutions, commercial enterprises investment, institution, and management.
6	Gulf Dunes Landscaping and Agricultural Services Company LLC	**100%**	100%	UAE	Landscaping, gardening designing and execution, irrigation works, main roads, streets and related works contracting.
7	Century Real Estate Investment LLC	**87%**	87%	UAE	Real estate management
8	Royal Development Company d.o.o Beograd-Vracar	**100%**	100%	Serbia	Hotel accommodation.
9	ESG Capital Holding LLC	**100%**	100%	UAE	Commercial enterprises investment, institution, and management
10	Century Village Real Estate Investment L.L.C	**70%**	70%	UAE	Real estate lease and management services, development construction, facilities management services. Commercial enterprises investment, institution, and management. Real Estate enterprise investment, development, institution, and management.
11	ESG Agro LLC	**100%**	100%	UAE	Agricultural Enterprises Investment, Institution and Management
12	ESG Hospitality Sole Proprietorship LLC	**100%**	100%	UAE	Hospitality Services

2.2 BASIS FOR CONSOLIDATION continued

Nos.	*Name of subsidiaries*	*Ownership percentage*		*Place of incorporation*	*Principal activities*
		2024	*2023*		
13	Vision Furniture & Decoration Factory L.L.C	**100%**	60%	UAE	House & office furniture manufacturing, Fireproof wooden doors manufacturing, Onshore & offshore oil & gas fields and facilities.
14	Progressive Real Estate Development LLC ("PRED")	**80%**	80%	UAE	Real estate enterprise investment, development, institution and management
15	Tri Star Investment LLC	**100%**	100%	UAE	Commercial Brokers, Commercial enterprises investment, institution, and management Real estate investment, development, institution and management
16	ESG Commercial International Investments - Sole Proprietorship L.L.C.	**100%**	100%	UAE	Commercial Enterprises Investment, Institution and Management, Tourist Enterprises Investment, Institution and Management
17	Century human resources and logistics - L.L.C. - O.P.C	**100%**	100%	UAE	Human Resources Consultancy, Logistics Consultancy
18	United International Group for Manpower Services LLC	**51%**	51%	UAE	'Domestic workers mediation and temporary employment services, onshore and offshore oil and gas fields and facilities services, and upon request employees provision services.
19	Howdra Employment Services LLC (iii)	**100%**	100%	UAE	On Demand Labors Supply Temporary Employment
20	Career Line For Employment - Sole Proprietorship LLC (iii)	**100%**	100%	UAE	Upon Request Employees Provision Services and Onshore and Offshore Oil and Gas Fields and Facilities Services
21	Alpha Hub Domestic Workers Services Center LLC (iii)	**100%**	100%	UAE	Domestic Workers Mediation Temporary Employment and Services.
22	Royal Dunes Real Estate Development LLC	**51%**	51%	UAE	Real Estate Development
23	Afkar Financial & Property Investments LLC	**60%**	60%	UAE	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials, and companies representation, commercial enterprises investment institution and management, real estate enterprises investment, development, institution and management.
24	OC Home Furniture LLC (iv)	**100%**	100%	UAE	Retail trade of household and office furniture, mats, wall paper, curtain and upholstery materials and interior decoration materials
25	2XL Home LLC (iv)	**100%**	100%	UAE	Retail trade of household and office furniture, mats, wall paper, curtain and upholstery materials and interior decoration materials

2.2 BASIS FOR CONSOLIDATION continued

Nos.	*Name of subsidiaries*	*Ownership percentage*		*Place of incorporation*	*Principal activities*
		2024	*2023*		
26	2XL Furnishings LLC (iv)	**100%**	100%	UAE	Retail trade of household and office furniture, mats, wall paper, curtain and upholstery materials and interior decoration materials
27	Deco Vision Company WLL (ii)	**85%**	-	UAE	Interior design implementation works (décor), retail sale of wall paper, décor and partitions material and importing
28	Vision for Interior LLC Decoration Limited – One Person Company (ii)	**100%**	-	KSA	Decoration works and its installation.
29	Royal Luxury Hotel management LLC	**51%**	51%	UAE	Hotel management
Discontinued operations:					
30	WFC Holding LLC	-	70%	UAE	Commercial enterprises Investment, Institution and Management.
31	Reach B P O - L.L.C - O.P.C (formerly "Workforce Connexion LLC - Sole Proprietorship LLC") (i)	-	100%	UAE	Supply of on-demand labours, human service delivery of medical cadres and onshore and offshore oil and gas fields and facilities services.
32	Multi Serve Typing and Transactions Follow Up - Sole Proprietorship LLC (i)	-	100%	UAE	Typing, documents photocopying, and transactions follow up services.
33	Tamouh Integrated Business Services - Sole Proprietorship LLC (i)	-	100%	UAE	Marketing, Procurement, Human Resources, Administrative, Legal & Information Technology Consultancy, Call Centers Services.
34	Corporate Solutions Consultants - Sole Proprietorship LLC (i)	-	100%	UAE	Human resources and administrative consultancy, onshore and offshore oil and gas fields and facilities services.
35	Reach Energy - L.L.C - O.P.C (formerly "Connect Outsourcing Temporary Employment – Sole Proprietorship LLC") (i)	-	100%	UAE	Upon Request Employees Provision Services & Onshore & Offshore Oil & Gas Fields and Facilities Services

(i) WFC Holding LLC and its subsidiaries classified as discontinued operations in the prior period.
(ii) Subsidiaries acquired or established during the period
(iii) Subsidiaries of United International Group for Manpower Services LLC
(iv) Subsidiaries of Afkar Financial & Property Investments LLC

3 CHANGES IN ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the consolidated financial statements as at and for the year ended 31 December 2023, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2023.

5 PROPERTY AND EQUIPMENT

During the period, additions to property and equipment amounted to AED 5,700 thousand (three month period ended 31 March 2023: AED 90,003 thousand), excluding property and equipment acquired through business combinations and depreciation charge for the three month period ended 31 March 2024 amounted to AED 5,328 thousand (three month period ended 31 March 2023: AED 2,225 thousand). Property and equipment acquired through business combinations amounted to AED 250 thousand (three month period ended 31 March 2023: AED 1,175 thousand).

During the period, property and equipment of AED nil (2023: AED 61,944 thousand) relating to discontinued operations were transferred to assets held for sale.

6 INVESTMENT PROPERTIES

During the period, depreciation charge for the three month period ended 31 March 2024 amounted to AED 698 thousand (three month period ended 31 March 2023: AED nil).

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Details of the Group's associates and joint ventures are as follows:

Name of entity	*Principal activities*	*Place of incorporation and operation*	*Ownership percentage*	
			31 March 2024	*31 December 2023*
Associates				
Deco Vision Company – WLL ("Deco Vision")	Interior design implementation works (decor), retail sale of wallpaper, decor and partitions material and importing.	UAE	-	45%
KIZAD Communities Development & Services Company LLC ("Kizad")	Real Estate Lease And Management Services, Commercial Enterprises Investment, Institution and Management	UAE	**23.91%**	23.91%
Joint ventures				
Lazio Real Estate Investment LLC ("Lazio") (i)	Real estate enterprise investment, development, institution, and management	UAE	**65%**	65%
Deyafah Holding Limited	SPV Special Purpose Vehicle	UAE	**50%**	50%

(i) In 2018, the Directors of Lazio Real Estate Investment LLC had elected to liquidate the company. As of 31 March 2024, the liquidation process is still on going.

On 1 January 2024, the Group obtained control over Deco Vision and accordingly, the investment in the associate was derecognised and the fair value of the previously held interest was transferred to investment in subsidiaries as follows:

	(Unaudited) 31 March 2024 AED'000
Fair value of previously held equity interest	**69,054**
Carrying value of previously held equity interest	**(39,137)**
Fair value gain on revaluation of previously held equity interest	**29,917**

Movement in investment in associates and joint ventures was as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Balance at the beginning of the period / year	**1,223,777**	46,124
Share of the Group's profit for the period / year	**11,369**	28,004
Share of other comprehensive income (loss) for the period / year	**1,134**	(3,471)
Addition during the period / year	**-**	1,171,439
Impairment of investment in associates and joint ventures	**-**	(5,339)
Dividend received during the period / year	**-**	(7,409)
Transfer to subsidiary during the period / year	**(39,137)**	(5,571)
At the end of the period / year	**1,197,143**	1,223,777

7 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

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

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Total assets	**5,674,240**	5,874,887
Total liabilities	**(1,154,061)**	(1,363,287)
Net assets	**4,520,179**	4,511,600
Group's carrying amount of the investments, net	**1,197,143**	1,223,777
Total revenue for the period / year	**127,463**	628,635
Total profit for the period / year	**47,549**	94,914
Dividend received during the period / year	**-**	7,409
Group's share in profit for the period / year	**11,369**	28,004
Group's share of OCI for the period / year	**1,134**	(3,471)

8 INVESTMENTS IN FINANCIAL ASSETS

	Note	*(Unaudited) 31 March 2024 AED'000*	*(Audited) 31 December 2023 AED'000*
Investments carried at fair value through other comprehensive income	8.1	**62,465**	62,604
Investments carried at fair value through profit or loss	8.2	**39,103**	45,864
		101,568	108,468

8.1 Financial assets at fair value through other comprehensive income

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Quoted	**62,091**	62,230
Unquoted	**374**	374
	62,465	62,604

Financial assets at fair value through other comprehensive income (FVTOCI) represent investments in two quoted and one unquoted companies in UAE. Fair values of the quoted investments are determined by reference to published price quotations in an active market. The fair value measurement has been categorised as a level 1 and level 3 fair value respectively.

8 INVESTMENTS IN FINANCIAL ASSETS continued

8.1 Financial assets at fair value through other comprehensive income continued

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management 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.

Movement in investments at FVTOCI are as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Balance at the beginning of the period / year	**62,604**	62,399
Acquired in business combinations	-	2,707
Disposal during the period / year	-	(352)
Net fair value loss on investments at FVTOCI during the period / year	**(139)**	(2,150)
	62,465	62,604

8.2 Financial assets at fair value through profit or loss

As of 31 March 2024, all investments were categorised as level 1 fair value.

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Quoted	**39,103**	45,864
	39,103	45,864

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

Movement in investment in financial assets carried at fair value through profit or loss is as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Balance at the beginning of the period / year	**45,864**	38,552
Acquired during the period / year	-	16,554
Changes in fair value during the period / year	**(6,761)**	3,944
Changes in fair value during the period relating to discontinued operations	-	1,386
Disposals during the period / year	-	(4,418)
Derecognition on disposal of a subsidiary	-	(10,154)
	39,103	45,864

9 TRADE AND OTHER RECEIVABLES

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Trade receivables	**219,583**	175,360
Less: provision for expected credit losses	**(85,894)**	(66,209)
	133,689	109,151
Retention receivables	**49,211**	33,012
Contract assets from customers, net	**203,787**	107,768
Advances to suppliers	**39,448**	23,656
Prepaid expenses, accrued and other receivables	**131,526**	103,287
	557,661	376,874

Trade and other receivables are disclosed in the interim condensed consolidated statement of financial position as:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Non-current	**30,147**	30,075
Current	**527,514**	346,799
	557,661	376,874

Provisions for expected credit losses
Movement in the provision for expected credit losses of trade receivables, retention receivables, advances to suppliers and contract assets is as follows:

	(Unaudited) 31 March 2024	*(Audited) 31 December 2023*
At 1 January	**72,144**	44,793
Charge for the period / year	**1,411**	(1,038)
Acquired in business combinations	**35,428**	31,650
Derecognition in disposal of subsidiaries	**-**	(2,831)
Transfer from provision on related parties	**-**	2,987
Reclassifications	**1,551**	-
Written off during the period / year	**-**	(3,417)
At the end of the period / year	**110,534**	72,144

9 TRADE AND OTHER RECEIVABLES continued

	1 January AED '000	*Additional provisions / (reversal) AED '000*	*Write off during the period/year AED '000*	*Reclassification /Transfer AED '000*	*Acquired through business combinations AED '000*	*At reporting date AED '000*
At 31 March 2024						
Trade receivables	**66,209**	**1,214**	**-**	**1,551**	**16,920**	**85,894**
Contract assets	**5,541**	**138**	**-**	**-**	**9,540**	**15,219**
Retention receivables	**1**	**59**	**-**	**-**	**8,275**	**8,335**
Advances to suppliers	**393**	**-**	**-**	**-**	**693**	**1,086**
Total	**72,144**	**1,411**	**-**	**1,551**	**35,428**	**110,534**
At 31 December 2023						
Trade receivables	36,300	(1,097)	(800)	156	31,650	66,209
Contract assets	8,096	62	(2,617)	-	-	5,541
Retention receivables	4	(3)	-	-	-	1
Advances to suppliers	393	-	-	-	-	393
Total	44,793	(1,038)	(3,417)	156	31,650	72,144

Details of contract assets of AED 203,787 thousand (31 December 2023: AED 107,768 thousand) are as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Contract assets	**219,006**	113,309
Less: provision for expected credit losses	**(15,219)**	(5,541)
	203,787	107,768
Contracts costs incurred plus recognised profits less recognised losses to date	**1,246,996**	1,233,082
Progress billings to date	**(1,098,002)**	(1,154,812)
	148,994	78,270

The contract work in progress is presented as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Contracts assets, net	**203,787**	107,768
Billing in excess of value of work in progress (contract liabilities)	**(54,793)**	(29,498)
	148,994	78,270

10 RELATED PARTIES

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

Name	*Nature of relationship*	***(Unaudited) 31 March 2024 AED'000***	*(Audited) 31 December 2023 AED'000*
Due from related parties			
Current			
RG Procurement RSC LTD	Entity under common control	**23,402**	17,888
International Securities L.L.C.	Entity under common control	**9,852**	9,852
Trojan General Contracting LLC	Entity under common control	**6,829**	8,387
International Holding Company PJSC	Parent Entity	**5,608**	259
Royal Group Companies Management LLC	Entity under common control	**5,209**	5,209
Office of H.H. Sheikh Tahnoon – CMIS	Other related parties	**5,209**	3,031
Yosh Hospitality LLC	Other related parties	**4,877**	-
H.H. Sheikh Mansoor Bin Zayed Al Nahyan Eng. Office	Other related parties	**3,580**	3,499
Deco Vision Properties LLC	Other related parties	**4,356**	-
The Private Affairs Department of Sheikha Fatima	Other related parties	**3,321**	3,525
Tafseer Contracting & General Maint. Co LLC	Other related parties	**3,660**	-
Royal Group Holdings LLC	Ultimate Parent	**2,830**	2,830
Reem Hills - Sole Proprietorship L.L.C.	Entity under common control	**2,728**	11,155
Sinyar Property Management LLC	Entity under common control	**2,355**	1,150
Trojan Construction Group -Sole Prop. LLC	Entity under common control	**1,734**	2,977
Tafawuq Facilities Management Co LLC	Entity under common control	**1,705**	-
Kintsugi Ladies Spa L.L.C	Other related parties	**1,616**	-
Malaih Investment & Projects Development LLC	Other related parties	**1,288**	649
Pure Health Medical Supplies LLC	Other related parties	**1,244**	-
ATGC Transport & General Contracting LLC	Other related parties	**1,681**	-
Hydra Village Properties LLC	Other related parties	**1,079**	-
Inspire Integrated Facilities Management LLC	Entity under common control	**972**	2,481
Pivot Asset Holding RSC Ltd.	Other related parties	**612**	816
Q Properties L.L.C.	Entity under common control	**474**	1,598
Royal Health Investments LLC	Entity under common control	**195**	2,703
Deco Vision Company WLL	Entity under common control *(until 31 December 2023)*	-	13,949
Citadel Properties Décor LLC	Other related parties	-	1,434
Colnago Holding LLC	Entity under common control	-	1,185
Hydra Village Properties LLC	Entity under common control	-	1,079
Mauqah Technology L.L.C.	Entity under common control	-	822
Fabulous Abu Dhabi Hotel Management LLC	Entity under common control	-	569
Sanimed International Lab and Management LLC	Entity under common control	-	465
Others		**5,676**	3,296
		102,092	100,808
Less: provision for expected credit losses		**(24,796)**	(14,489)
		77,296	86,319
Due from related parties			
Non-current			
Royal Group Companies Management LLC	Entity under common control	**950**	950

* Non-current portion of balances due from related parties, pertains to retention receivables on contract signed with related parties.

10 RELATED PARTIES continued

Name	*Nature of relationship*	***(Unaudited) 31 March 2024 AED'000***	*(Audited) 31 December 2023 AED'000*
Due to related parties			
Current			
IHC Industrial Holding LLC	Entity under common control	**8,019**	8,019
RG Procurement RSC LTD	Entity under common control	**3,494**	3,071
ATGC Transport & General Contracting LLC	Other related party	**3,723**	-
Mountain Gate Property Investment LLC	Other related party	**3,439**	-
International Holding Company PJSC	Parent Entity	**1,715**	-
Vision Hotel Apartments LLC	Other related party	**1,270**	-
Pure Health Medical Supplies LLC	Other related party	**1,096**	-
National Health Insurance Company (Daman) PJSC	Entity under common control	**1,052**	-
Multi Serve Typing & Transactions Follow Up LLC	Entity under common control	**914**	914
Royal Group Holdings LLC	Ultimate Parent	**453**	870
Others		**5,528**	3,552
		30,703	16,426
Non-current			
Royal Group Holdings LLC	Ultimate Parent	**2,520**	2,520

Other balances with related parties disclosed in the interim condensed consolidated statement of financial position:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Financial assets carried at fair value through profit or loss	**16,484**	22,358
Financial assets carried at fair value through other comprehensive income	**5,889**	7,377
Balances with a financial institution	**400,399**	518,827
Dividend received from associates	**-**	7,409

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

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Revenue	**56,675**	93,213
Cost of revenue	**780**	522

10 RELATED PARTIES continued

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Compensation of key management personnel		
Salaries and other benefits	**805**	795
Number of key management personnel	**2**	2

11 CASH AND BANK BALANCES

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Cash on hand	**696**	620
Bank balances	**235,294**	143,206
Margin deposits	**9,152**	9,039
Term deposits*	**311,727**	425,127
	556,869	577,992
Less: provision for expected credit losses	**(109)**	(53)
	556,760	577,939
Less: restricted cash**	**(86,299)**	(72,213)
Less: term deposits with original maturity of more than three months	**(291,917)**	(325,590)
Cash and cash equivalents	**178,544**	180,136

*The term deposits' carry interest rate that ranges between 0.05% to 5.35% (2023: 0.05 % to 5.35%) per annum. These deposits are held in a local bank and are denominated in UAE Dirhams and these deposits have original maturity between 1 to 12 months.

** Restricted cash represents funds received in advance against sale of properties in the Dubai Hills project.

12 BUSINESS COMBINATIONS

12.1 Acquisitions under IFRS 3 business combination

Acquisitions during the period

Deco Vision Company WLL ("Deco Vision")
Effective 1 January 2024, ESG Capital Holding LLC, a subsidiary, acquired an additional 40% interest in Deco Vision Company WLL ("Deco Vision"), previously accounted for an investment in associate, thereby increasing the Group's ownership to 85%. The fair value of the previously held interest on the date of obtaining control, amounted to AED 69,054 thousand. Deco Vision is a limited liability company, registered in Abu Dhabi, and is engaged in retail sale of wallpaper, décor and partitions material, importing and interior design implementation works and real estate lease and management services.

The following table summarizes the recognized fair values of assets acquired and liabilities assumed in respect of acquisition:

	Deco Vision AED'000
Non-current assets	
Property and equipment	250
Right of use assets	7,102
Intangible assets	33,319
	40,671
Current assets	
Trade and other receivables	121,681
Due from related parties	20,467
Cash and bank balances	106,463
	248,611
Non-current liability	
Employees' end of service benefits	**3,886**
Current liabilities	
Trade and other payables	136,551
Deferred tax liabilities	2,999
Due to related parties	28,555
	168,105
Total identifiable net assets	117,291
Provisional fair value of net assets acquired @ 85%	(99,697)
Purchase consideration	130,435
Goodwill on acquisition	**30,738**
Purchase consideration:	
Amount paid to acquire additional 45% interest	61,381
Fair value of previously held equity interest	69,054
Total purchase consideration	**130,435**
Non-controlling interest @ 15%	**17,594**

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

Intangible assets of AED 33,319 thousand have been recognised as a result of aforementioned acquisition, which comprises customer relationships.

12 BUSINESS COMBINATIONS continued

12.2 Increase in shareholding (acquisition of NCI)

Vision Furniture & Decoration Factory L.L.C ("Vision Factory")
Effective 1 January 2024, ESG Capital Holding LLC, a subsidiary, acquired additional shares in Vision Furniture & Decoration Factory L.L.C ("Vision Factory") for AED 37,619 thousand. This resulted in the Group's effective shareholding in Vision Factory to increase by 40% and a total ownership of 100%.

	Vision Factory AED'000
Non-current assets	
Property and equipment	9,231
Intangible assets	1,712
	10,943
Current assets	
Inventories	2,413
Trade and other receivables	20,178
Due from related parties	13,651
Cash and bank balances	39,597
	75,839
Non-current liabilities	
Employees' end of service benefits	**6,146**
Current liabilities	
Lease liabilities	3,872
Trade and other payables	31,691
Due to related parties	1,142
	36,705
Total identifiable net assets at carrying value	**43,931**
Carrying value of the shareholding acquired	(17,572)
Less: Consideration paid	37,619
Difference recognized directly in merger, acquisition and other reserves	**20,047**

12.3 Business combination under common control

Acquisitions during the year ended 31 December 2023
During the prior year ended 31 December 2023, the Group acquired the following entity under common control. This acquisition is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as this is a business combination of entities under common control, given that the Company and the acquired entity are ultimately controlled by the same party before and after the acquisition. The acquisition has been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entity from the date of acquisition.

12 BUSINESS COMBINATIONS continued

12.3 Business combination under common control continued

Acquisitions during the year ended 31 December 2023 continued

AFKAR Financial & Property Investments LLC and its subsidiaries ("AFKAR")
Effective 1 October 2023, ESG Capital Holding LLC, a subsidiary, acquired 60% of the shares in AFKAR Financial & Property Investment LLC ("AFKAR") and its subsidiaries for a consideration of AED 48,000 thousand. AFKAR is based in Abu Dhabi, United Arab Emirates, and is involved in commercial enterprise investment, institution and management, companies' representation, and real estate enterprise investment and development. From the date of acquisition to 31 December 2023, AFKAR contributed revenue and profit to the Group amounting to AED 76,367 thousand and AED 11,341 thousand respectively. If the acquisition had taken place at the beginning of 2023 AFKAR would have contributed revenue and profit to the Group amounting to AED 298,342 thousand and AED 18,606 thousand respectively.

The amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2023 AFKAR AED'000
Assets	
Property and equipment	185,562
Investment properties	79,534
Financial assets carried at fair value through other comprehensive income (FVTOCI)	989
Right of use assets	69,697
Due from related parties	4,198
Trade and other receivables	51,781
Inventories	124,556
Cash and bank balances	11,095
	527,412
Liabilities	
Employees' end of service benefits	7,763
Lease liability	81,215
Borrowings	82,593
Trade and other payables	43,726
	215,297
Total identifiable net assets	**312,115**
Less: non-controlling interest	(124,847)
Proportionate share of identifiable net assets acquired	**187,268**
Consideration paid	(48,000)
Merger reserve	**139,268**

12 BUSINESS COMBINATIONS continued

12.3 Acquisitions under IFRS 3 business combination

Acquisitions during the year ended 31 December 2023

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

Progressive Real Estate Development LLC ("PRED")
Effective 1 January 2023, ESG Capital Holding LLC, a subsidiary of the Group, acquired an additional 10% interest in Progressive Real Estate Development LLC ("PRED"), previously a jointly controlled entity, for nil consideration, increasing the Group's ownership to 80%. On the same day, as a result of amendments to the Memorandum of Association, the Group obtained control over PRED. The fair value of the previously held interest on the date of obtaining control, amounted to AED 5,781 thousand. PRED is a limited company, registered in Abu Dhabi, and is engaged in real estate lease and management services. From the date of acquisition to 31 December 2023, PRED contributed revenue and loss to the Group amounting to AED 2,552 thousand and AED 1,204 thousand respectively.

United International Group For Manpower Services LLC ("UIG")
Effective 1 October 2023, Century Human Resources And Logistics-LLC-OPC, a subsidiary of the Group, acquired 51% shares in United International Group For Manpower Services LLC ("UIG") and its subsidiaries for a consideration of AED 43,413 thousand. UIG is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved domestic workers mediation and temporary employment services, onshore and offshore oil and gas fields and facilities services, and upon request employees provision services. From the date of acquisition to 31 December 2023, UIG contributed revenue and profit to the Group amounting to AED 36,806 thousand and AED 6,862 thousand, respectively. If the acquisition had taken place at the beginning of the year, UIG would have contributed revenue and profit to the Group amounting to AED 136,676 thousand and AED 15,400 thousand, respectively.

The following table summarizes the recognized fair values of assets acquired and liabilities assumed in respect of acquisition:

	PRED AED'000	*UIG* AED'000*	***Total AED'000***
Assets			
Property and equipment	1,175	1,726	2,901
Intangible assets	-	7,139	7,139
Right of use asset	-	386	386
Trade and other receivables	6,177	86,371	92,548
Due from related parties	-	816	816
Cash and bank balances	1,954	8,686	10,640
Total assets	**9,306**	**105,124**	**114,430**
Employees' end of service benefits	61	9,489	9,550
Borrowings	-	4,392	4,392
Trade and other payables	987	63,531	64,518
Lease Liabilities	-	299	299
Due to related parties	-	8,008	8,008
Deferred tax liability	-	642	642
Total liabilities	**1,048**	**86,361**	**87,409**
Net assets	**8,258**	**18,763**	**27,021**
Less: non-controlling interest	(1,652)	(9,194)	(10,846)
Total identifiable net assets at fair value	**6,606**	**9,569**	**16,175**
Proportionate share of identifiable net assets acquired	6,606	9,569	16,175
Goodwill arising on acquisition	-	33,844	33,844
Gain on bargain purchase	(825)	-	(825)
Purchase Consideration	**5,781**	**43,413**	**49,194**

12 BUSINESS COMBINATIONS continued

12.3 Acquisitions under IFRS 3 business combination continued

Acquisitions during the year ended 31 December 2023 continued
*The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalise the purchase price allocation exercise of the acquisitions within one year from the acquisition date.

Intangible assets of AED 7,193 thousand have been recognised as a result of aforementioned acquisition, which comprises customer relationships.

Goodwill of AED 33,844 thousand arising from the acquisitions comprises largely the value of expected synergies arising from the acquisitions, which are not separately recognised.

	PRED *AED'000*	*UIG* *AED'000*	***Total*** ***AED'000***
Consideration payable	-	43,413	**43,413**
Fair value of previously held equity interest (note 8)	5,781	-	**5,781**
Total purchase consideration	**5,781**	**43,413**	**49,194**

13 SHARE CAPITAL

	(Unaudited) ***31 March*** ***2024*** ***AED'000***	*(Audited)* *31 December* *2023* *AED'000*
Authorised, issued and fully paid shares		
250,000,000 ordinary shares (31 December 2023: 250,000,000 ordinary shares) of AED 1 each (31 December 2023: AED 1 each)	**250,000**	250,000

14 STATUTORY RESERVE

In accordance with UAE Commercial Companies Law No. (32) of 2021 and the Company's articles of association, 10% of the profit for the year is to be transferred to a statutory reserve until such reserve balance equals 50% of the Company's share capital. This reserve is not available for distribution except as stipulated by the Law.

15 BANK BORROWINGS

Bank borrowings comprises of the following:

	(Unaudited) ***31 March*** ***2024*** ***AED'000***	*(Audited)* *31 December* *2023* *AED'000*
Term loans	**68,652**	80,834
Vehicle loans	**690**	1,006
	69,342	81,840

15 BANK BORROWINGS continued

Movement in borrowings during the year is as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
At 1 January	**81,840**	-
Acquired in business combination	-	86,985
Transferred	-	(730)
Additions during the period / year	-	141
Repayments during the period / year	**(12,498)**	(4,556)
At end of the period / year	**69,342**	81,840

Analysed in the consolidated statement of financial position as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Current liabilities	**29,914**	32,502
Non-current liabilities	**39,428**	49,338
	69,342	81,840

	Security	*Interest rates*	*Maturity*	*(Unaudited) 31 March 2024 AED '000*	*(Audited) 31 December 2023 AED '000*	*Purpose*
Term Loan - 1	Secured	2% +6M EIBOR	September 2025	**16,153**	21,344	To finance the construction of commercial centers
Term Loan - 2	Secured	2% + 6M EIBOR	February 2027	**52,499**	56,874	To finance the construction of warehouse
Term Loan - 3	Secured	5%	January 2025	-	2,370	To finance the operations of the Group
Term Loan - 4	Secured	6.5%	April 2024	-	246	To finance the operations of the Group
				68,652	80,834	
Other vehicle loans	Secured	3.00%-5.51%	2024-2027	**690**	1,006	To finance the purchase of vehicles
				69,342	81,840	

Term loan 1
The facility is secured by corporate guarantees of related parties, mortgage over certain investment properties, assignment of contractor's all risk insurance policy of mortgaged properties in favour of the bank, assignment of rental proceeds, generated from the mortgaged properties in favour of the bank. The loan is repayable in half year instalments.

Term loan 2
The facility is subject to certain restrictive covenants. The facility is secured by mortgage over property, assignment of contractor's all risk insurance policy of mortgaged properties in favour of the bank, agreement of pledge and hypothecation of inventories and movables over stocks, deed of assignment of receivables, undated security cheque drawn on Bank covering the total facility in favour of the bank. The loan is repayable in quarterly instalments.

15 BANK BORROWINGS continued

Term loan 3
The facility is secured by assignment of contractor's vehicle insurance policy in favour of the bank, mortgage of vehicle favoring the bank and a security cheque drawn in favour of the bank. The loan is repayable in monthly instalments. During the period, the loan was early settled by the subsidiary.

Term loan 4
The facility is secured against a security covering the total loan amount. The loan is repayable in monthly instalments. During the period, the loan was early settled by the subsidiary

16 REVENUE

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Type of revenue		
Furniture manufacturing, retail revenues and interior fit out	**200,327**	21,750
Construction contract revenue	**37,275**	32,003
Landscaping, agriculture and maintenance revenue	**35,894**	121,127
Manpower and management solutions revenue	**29,736**	-
Labour camp management and other related revenue	**73**	811
	303,305	175,691
Timing of revenue recognition		
Services transferred over the period of time	**153,298**	146,896
Services transferred at point of time	**150,007**	28,795
	303,305	175,691
Geographical markets		
Revenue generated within UAE	**292,663**	162,467
Revenue generated outside UAE	**10,642**	13,224
	303,305	175,691

17 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the parent by the weighted average number of shares in issue throughout the period.

Diluted earnings per share is calculated by dividing the profit for the period attributed to the equity holders of the parent by the weighted average number of shares in issue throughout the period, adjusted for the effects of dilutive instruments.

	Three month period ended 31 March	
	(Unaudited) 2024	*(Unaudited) 2023*
Profit for the period attributable to equity holders of the parent (AED'000)	**65,085**	23,110
Profit from continuing operations attributable to equity holders of the parent (AED'000)	**65,085**	19,694
Weighted average number of shares ('000)	**250,000**	250,000
Basic and diluted earnings per share for the period (AED)	**0.26**	0.09
Basic and diluted earnings per share for the period (AED) – continuing operations	**0.26**	0.08

As of 31 March 2024 and 31 March 2023, the Company has not issued any instruments that have a dilutive impact on earnings per share when exercised.

18 CONTINGENT LIABILITIES AND COMMITMENTS

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Letters of guarantee	**118,093**	47,191
Letters of credit	**1,773**	6,079

Bank guarantees are issued in the normal course of business.

The Group in the normal course of business is involved from time to time in litigations and claims from third parties. The Group undertakes periodic review of its potential exposure to litigations and claims made against it. The Group believes that no material liability will result from those litigations and claims that requires to be accrued for as of 31 March 2024.

19 FAIR VALUES

Fair value of the Group's assets that are measured at fair value on recurring basis
Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined.

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

The Group held the following financial instrument measured at fair value:

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
31 March 2024				
Investments carried at fair value through other comprehensive income	**62,091**	-	**374**	**62,465**
Investments carried at fair value through profit or loss	**39,103**	-	-	**39,103**
	101,194	-	**374**	**101,568**
31 December 2023				
Financial assets at fair value through other comprehensive income	62,230	-	374	62,604
Financial assets at fair value through profit or loss	45,864	-	-	45,864
	108,094	-	374	108,468

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

Fair value of the Group's assets that are measured at historical cost
The following table shows the analysis of the fair value of assets measured and disclosed at historical cost:

	Fair value as at		***Fair value hierarchy***	***Valuation techniques and key inputs***	***Significant unobservable input***	***Relationship of unobservable inputs to fair value***
	31 March 2024 AED'000	*31 December 2023 AED'000*				
Investment properties	**101,300**	**101,300**	Level 3	Discounted cash flow method.	Rental values	Higher rental income assumed, higher the fair value.

20 SEGMENT ANALYSIS

For operating purposes, the Group is organised into business segments based on its products and services as follows:

Contracting and consultancy	includes the real estate development construction and technical consultancy and design services.
Landscaping and maintenance	includes landscaping design, execution and maintenance.
Business process / manpower Outsourcing & labour supply	includes providing services with respect to human service delivery of medical cadres, human resources and administrative consultancy, mediation of domestic workers and temporary employment services.
Furniture manufacturing, Retail and interior fit out	includes retail trading of household, office furniture and interior decoration material.
Others (unallocated)	includes Company expenses and income not allocated to any segment.

20 SEGMENT ANALYSIS continued

	Contracting and consultancy 31 March 2024 AED'000	*Landscapping and maintenance 31 March 2024 AED'000*	*Business process / manpower outsourcing 31 March 2024 AED'000*	*Furniture manufacturing, retails and interior fit out 31 March 2024 AED'000*	*Staff accommodation 31 March 2024 AED'000*	*Others 31 March 2024 AED'000*	*Total segments 31 March 2024 AED'000*	*Elimination 31 March 2024 AED'000*	*Consolidated 31 March 2024 AED'000*
Revenue from contract with customers									
External customers	37,275	35,894	29,736	200,327	-	73	303,305	-	303,305
Inter-Segment	6,445	66	4,327	289	30	-	11,157	(11,157)	-
Total	43,720	35,960	34,063	200,616	30	73	314,462	(11,157)	303,305
Less: Expenses									
Direct costs	(34,237)	(19,150)	(27,050)	(136,321)	(41)	(66)	(216,865)	3,371	(213,494)
General and administrative expenses	(1,662)	(4,975)	(2,770)	(15,582)	(112)	(3,783)	(28,884)	3,441	(25,443)
Selling and distribution expenses	-	-	-	(32,478)	-	-	(32,478)	-	(32,478)
Total	(35,899)	(24,125)	(29,820)	(184,381)	(153)	(3,849)	(278,227)	6,812	(271,415)
Segment profit (loss)	7,821	11,835	4,243	16,235	(123)	(3,776)	36,235	(4,345)	31,890
Total assets	258,196	234,773	111,897	951,131	1,213,261	1,662,863	4,432,121	(1,205,565)	3,226,556
Total liabilities	173,158	165,956	70,996	480,458	1,089	924,746	1,816,403	(945,784)	870,619

20 SEGMENT ANALYSIS continued

	Contracting and consultancy 31 March 2023 AED'000	*Landscapping and maintenance 31 March 2023 AED'000*	*Business process / manpower outsourcing 31 March 2023 AED'000*	*Furniture manufacturing and Retails 31 March 2023 AED'000*	*Staff accommodation 31 March 2023 AED'000*	*Others 31 March 2023 AED'000*	*Total segments 31 March 2023 AED'000*	*Elimination 31 March 2023 AED'000*	*Consolidated 31 March 2023 AED'000*
Revenue from contract with customers									
External customers	32,003	121,127	-	21,750	-	811	175,691	-	175,691
Inter-Segment	4,635	66	-	290	-	430	5,421	(5,421)	-
Total	36,638	121,193	-	22,040	-	1,241	181,112	(5,421)	175,691
Less: Expenses									
Direct costs	(22,960)	(104,791)	-	(14,379)	(1,021)	(36)	(143,187)	4,631	(138,556)
General and administrative expense	(3,300)	(4,428)	-	(3,405)	(286)	(3,116)	(14,535)	1,875	(12,660)
Total	(26,260)	(109,219)	-	(17,784)	(1,307)	(3,152)	(157,722)	6,506	(151,216)
Segment profit (loss)	10,378	11,974	-	4,256	(1,307)	(1,911)	23,390	1,085	24,475
Total assets 31 December 2023	345,157	260,275	103,007	673,497	1,200,541	1,520,393	4,102,870	(1,042,369)	3,060,501
Total liabilities 31 December 2023	167,045	182,633	83,878	305,705	1,119	952,445	1,692,825	(920,264)	772,561

20 SEGMENT ANALYSIS continued

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Reconciliation of profit		
Segment profit	**31,890**	24,475
Share of profit from investment in associate and joint ventures	**11,369**	622
Gain from change in fair value of biological assets	**-**	61
Loss from change in fair value of financial assets carried at fair value through profit or loss	**(6,761)**	(5,480)
Fair value of previously held equity interest in investment in associate	**29,917**	210
Other income	**7,072**	1,840
Finance charges	**(2,377)**	(266)
Profit before tax for the period from continuing operations	**71,110**	21,462
Income tax	**(2,543)**	-
Profit for the period from discontinued operations	**-**	4,880
Profit for the period	**68,567**	26,342

21 DISCONTINUED OPERATIONS

The shareholders of the Group approved the sale of WFC Holding LLC ("WFC"), a 70% owned subsidiary to a related party for a total consideration of AED 276,080 thousand. The sale was completed on 1 April 2023. Accordingly, the subsidiary was classified as discontinued operations. The results of operations of WFC classified as discontinued operations are presented below:

	(Unaudited) Three month period ended 31 March	
	31 March 2024 AED'000	*31 March 2023 AED'000*
Revenue	-	99,666
Direct costs	-	(92,903)
Gross profit	-	6,763
General and administrative expenses	-	(3,558)
Gain from changes in fair value of financial assets carried at fair value through profit or loss	-	1,386
Other income	-	314
Finance costs	-	(25)
PROFIT FOR THE PERIOD	-	4,880

22 INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Income tax charge	(3,726)	-
Deferred tax income, net	1,183	-
Income tax expense reported in the interim condensed consolidated statement of profit and loss	(2,543)	-

Current income tax

The movement in the current taxation account is as follows:

	(Unaudited) 31 March 2024 AED'000	*(Unaudited) 31 March 2023 AED'000*
Balance at the beginning of the period	-	-
Tax expense	(3,726)	-
At end of the period	(3,726)	-

Deferred tax

Deferred tax liability presented in the interim condensed consolidated statement of financial position is as follows:

	(Unaudited) 31 March 2024 AED'000	*(Audited) 31 December 2023 AED'000*
Deferred tax assets	1,385	401
Deferred tax liabilities	(3,393)	(593)
Deferred tax (liabilities), net	(2,008)	(192)

23 SUBSEQUENT EVENT

Subsequent to the period end, the Group has executed a letter of intent to acquire a majority shareholding equity interest in a manpower recruitment and facilities management business. The transaction is not completed as of the date of the interim condensed consolidated financial statements.

24 SEASONALITY OF RESULTS

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