

Apex Investment PSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

PERIOD ENDED 31 MARCH 2023



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REPORT ON THE REVIEW OF

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

APEX INVESTMENT PSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Apex Investment PSC (the “Company”) and its subsidiaries (together referred to as the “Group”), comprising the interim consolidated statement of financial position as at 31 March 2023, and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three month period then ended, and explanatory notes. Management is responsible for the preparation and 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 the 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. Consequently, it 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.

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

27 April 2023
Abu Dhabi

Apex Investment PSC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2023 (Unaudited)

	Notes	<i>Three-month period ended</i>	
		<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited) (Restated)</i>
Revenues	5	147,737,157	163,524,648
Cost of sales		<u>(128,570,842)</u>	<u>(120,640,421)</u>
GROSS PROFIT		19,166,315	42,884,227
General and administrative expenses		(14,242,626)	(5,664,352)
Other income		1,357,164	60,005
Finance costs		(425,302)	(345,025)
Foreign exchange loss		<u>(30,418)</u>	<u>(239,263)</u>
PROFIT FROM OPERATIONS		5,825,133	36,695,592
Net (loss) gain from financial assets carried at fair value through profit or loss	9	(195,273,343)	12,984,633
Share of loss from equity accounted investees	8	<u>(736,428)</u>	<u>(228,026)</u>
(LOSS) PROFIT FOR THE PERIOD		<u>(190,184,638)</u>	<u>49,452,199</u>
Basic (loss) earnings per share	20	<u><u>(0.054)</u></u>	<u>0.014</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Apex Investment PSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month period ended 31 March 2023 (Unaudited)

	Notes	<i>Three-month period ended</i>	
		<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited) (Restated)</i>
(LOSS) PROFIT FOR THE PERIOD		(190,184,638)	49,452,199
Other comprehensive loss:			
<i>Items that may not be reclassified subsequently to the consolidated statement of profit or loss in subsequent periods:</i>			
Decrease in fair value of financial assets carried at fair value through other comprehensive income (FVTOCI)	9	<u>(65,150,586)</u>	<u>(4,741,295)</u>
TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD		<u>(65,150,586)</u>	<u>(4,741,295)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		<u>(255,335,224)</u>	<u>44,710,904</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Apex Investment PSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 31 March 2023

	Notes	31 March 2023 AED (Unaudited)	31 December 2022 AED Audited
ASSETS			
Non-current assets			
Property, plant and equipment	6	352,684,521	355,248,326
Intangible assets		6,941,500	6,954,649
Right of use of assets		16,527,796	16,666,737
Investments in equity accounted investees	8	31,973,667	32,710,095
Financial assets carried at FVTOCI	9	<u>123,566,601</u>	<u>188,717,187</u>
		531,694,085	600,296,994
Current assets			
Inventories	10	66,194,719	57,793,126
Trade and other receivables	7	563,906,793	639,873,502
Financial assets carried at fair value through profit or loss (FVTPL)	9	391,874,541	587,147,884
Amounts due from related parties	15	253,980,198	232,952,570
Cash and bank balances	11	<u>174,638,816</u>	<u>142,603,549</u>
		1,450,595,067	1,660,370,631
TOTAL ASSETS		<u>1,982,289,152</u>	<u>2,260,667,625</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	3,553,195,467	3,553,195,467
Merger reserve	4	(1,800,910,103)	(1,800,910,103)
Cumulative changes on revaluation of financial assets		46,196,233	111,346,819
Statutory reserve	13.1	88,435,453	88,435,453
Voluntary reserve	13.2	51,756,274	51,756,274
(Accumulated losses) retained earnings		<u>(145,552,627)</u>	<u>44,632,011</u>
Total equity		<u>1,793,120,697</u>	<u>2,048,455,921</u>
Non-current liabilities			
Provision for employees' end of service benefits		6,223,617	5,620,240
Lease liabilities		<u>1,552,213</u>	<u>1,525,510</u>
		7,775,830	7,145,750
Current liabilities			
Trade and other payables	14	140,018,185	159,084,026
Lease liabilities		14,157	15,468
Amounts due to related parties	15	30,076,685	29,346,447
Short term borrowings	16	<u>11,283,598</u>	<u>16,620,013</u>
		181,392,625	205,065,954
Total liabilities		<u>189,168,455</u>	<u>212,211,704</u>
TOTAL EQUITY AND LIABILITIES		<u>1,982,289,152</u>	<u>2,260,667,625</u>


Group Chairman of the Board


Group Managing Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Apex Investment PSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2023

	Share capital AED	Merger reserve AED	Statutory reserve AED	Voluntary reserve AED	Cumulative changes on revaluation of financial assets AED	(Accumulated losses) retained earnings AED	Total AED
Balance at 1 January 2022 (Audited)	503,118,000	-	69,716,018	33,036,839	133,706,057	(105,123,468)	634,453,446
Issuance of share capital (note 12)	3,050,077,467	-	-	-	-	-	3,050,077,467
Acquisition of subsidiary (note 4)	-	(1,800,910,103)	-	-	-	-	(1,800,910,103)
Profit for the period (restated)	-	-	-	-	-	49,452,199	49,452,199
Total other comprehensive loss for the period (restated)	-	-	-	-	(4,741,295)	-	(4,741,295)
At 31 March 2022 (Unaudited) (restated)	<u>3,553,195,467</u>	<u>(1,800,910,103)</u>	<u>69,716,018</u>	<u>33,036,839</u>	<u>128,964,762</u>	<u>(55,671,269)</u>	<u>1,928,331,714</u>
Balance at 1 January 2023 (Audited)	3,553,195,467	(1,800,910,103)	88,435,453	51,756,274	111,346,819	44,632,011	2,048,455,921
Loss for the period	-	-	-	-	-	(190,184,638)	(190,184,638)
Total other comprehensive loss for the period	-	-	-	-	(65,150,586)	-	(65,150,586)
At 31 March 2023 (Unaudited)	<u>3,553,195,467</u>	<u>(1,800,910,103)</u>	<u>88,435,453</u>	<u>51,756,274</u>	<u>46,196,233</u>	<u>(145,552,627)</u>	<u>1,793,120,697</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Apex Investment PSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2023 (Unaudited)

		<i>Three-month period ended</i>	
		<i>31 March</i>	<i>31 March</i>
		<i>2023</i>	<i>2022</i>
	<i>Notes</i>	<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
			<i>(Restated)</i>
OPERATING ACTIVITIES			
(Loss) profit for the period		(190,184,638)	49,452,199
Adjustments for:			
Depreciation of property, plant and equipment	6	7,480,766	4,139,486
Amortization of intangible assets		13,149	70,949
Amortization of right of use assets		138,941	6,876
Fair value loss (gain) on revaluation of investments at FVTPL	9	195,273,343	(12,984,633)
Provision for employees' end of service benefits		846,988	160,810
Share of loss from equity accounted investees	8	736,428	228,026
Reversal of expected credit loss on trade and other receivables	7	(11,308,988)	(1,092,874)
Provision for (reversal of) expected credit loss on amount due from related parties	15	3,894,435	-
Finance costs		<u>425,302</u>	<u>345,025</u>
Cashflow from operating activities		<u>7,315,726</u>	<u>40,325,864</u>
Working capital adjustments:			
Inventories		(8,401,593)	(7,278,563)
Trade and other receivables		87,275,697	(65,896,146)
Trade and other payables		(19,065,841)	45,086,334
Amount due from related parties		(24,922,063)	(1,726,085)
Amount due to related parties		730,238	(446,520)
Employees' end of service benefits paid		<u>(243,611)</u>	<u>(40,424)</u>
Net cash from operating activities		<u>42,688,553</u>	<u>10,024,460</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(5,067,859)	(2,330,266)
Proceeds from disposals of financial assets carried at FVTPL		-	8,271,169
Proceeds from sale of property, plant and equipment		176,290	-
Net cash acquired with subsidiary	4	<u>-</u>	<u>25,428,780</u>
Net cash (used in) from investing activities		<u>(4,891,569)</u>	<u>31,369,683</u>
FINANCING ACTIVITIES			
Net movement in bank borrowings		(1,158,655)	(1,737,981)
Finance costs paid		<u>(425,302)</u>	<u>(344,330)</u>
Net cash used in financing activities		<u>(1,583,957)</u>	<u>(2,082,311)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,213,027	39,311,832
Cash and cash equivalents at the beginning of the period		<u>127,142,191</u>	<u>(10,422,924)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	<u>163,355,218</u>	<u>28,888,908</u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

1 ACTIVITIES

Apex Investment PSC (the “Company”) is a public shareholding company incorporated in Ras Al Khaimah under the name of Ras Al Khaimah Cement Company P.S.C by an Emiri Decree No. 4 issued by His Highness, The Ruler of Emirate of Ras Al Khaimah, United Arab Emirates in 1995. The Company started its commercial production in April 2000 and during 2021, it amended its business name to Ras Al Khaimah Cement Investment Public J.S.C. Further, in the month of March 2022, the Company’s business name was amended to Apex Investment PSC. The Company is listed on Abu Dhabi Securities Exchange (ADX).

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The principal activities of the Group include clinkers and hydraulic cements manufacturing, wholesale of cement products trading and industrial, commercial and agricultural enterprises investment, institution and management, providing food catering, ready-made food catering contracts (meal preparation), camps and labor accommodation management, facilities management services, onshore and offshore oil and gas fields and facilities services, sale and rental of tents and shades, tailoring producing tents pavilions, organizing parties and events and providing interior design work.

During 2021, the Company’s shareholders accepted an offer from IHC Capital Holding LLC (“IHC”) and Chimera Investment LLC (“Chimera”), the shareholders of Apex Holding LLC (“Apex”), to acquire 100% of the shareholding of Apex, in exchange for the issuance of mandatory convertible bonds with a nominal value of AED 1 each in an aggregate principal amount of AED 3,050,077,467 of the Company to IHC and Chimera. The convertible bonds were converted into ordinary shares on 17 February 2022. Regulatory approvals for the transaction were received on 1 March 2022 and consequently, the Company’s share capital increased to AED 3,553,195,467 from that date. As a result of the transaction, IHC and Chimera became the majority holders of the Group.

On 1 April 2022, Tamween Companies Management LLC, a wholly owned subsidiary of Ghitha Holding PJSC, acquired 51.5% of shareholding of the Company from IHC.

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2023 were authorised for issuance by the Board of Directors on 27 April 2023.

2 PRIOR PERIOD RESTATEMENT

During the three-month period ended on 31 March 2022, the acquisition of Apex Holding LLC was accounted for by the Group as a reverse acquisition. During the second quarter of 2022, the Company completed its assessment and concluded that the transaction represents a business combination of entities under common control which is outside the scope of IFRS 3 given that the Company and the acquired entity are ultimately controlled by the same party before and after the acquisition. Accordingly, consistent with the Group accounting policy, the Company has accounted for the transaction using the pooling of interest method and restated the comparative figures for the three-month period ended on 31 March 2022. The corrections were applied retrospectively in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The impact on the interim condensed consolidated financial statements is as follows:

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 PRIOR PERIOD RESTATEMENT continued

	<i>Other Comprehensive Income (loss) for the period AED</i>	<i>Profit for the period AED</i>
Previously reported for the period ended 31 March 2022	4,382,062	155,464,440
Decrease in revenue	-	(223,799,091)
Decrease in cost of sales	-	86,965,815
Decrease in general and administrative expenses	-	5,767,818
Increase in other income	-	60,005
Increase in gain from financial assets carried at fair value through profit or loss	-	25,079,783
Decrease in fair value of financial assets carried at FVTOCI	(9,123,357)	-
Increase in finance costs	-	(223,515)
Decrease in other expenses	-	376,207
Increase in foreign exchange loss	-	(239,263)
As restated for the period ended 31 March 2022	<u>(4,741,295)</u>	<u>49,452,199</u>

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual financial statements as at 31 December 2022. In addition, results for the three month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

Basis for measurement

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets, that have been measured at fair value.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in UAE Dirham (AED), which is the functional currency of the primary economic environment in which the Company operates.

3.2 BASIS OF CONSOLIDATION

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

Control is achieved when the Group:

- 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.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.2 BASIS OF CONSOLIDATION continued

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 contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

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 off during the period are included in the interim consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.2 BASIS OF CONSOLIDATION continued

Details of subsidiaries as at 31 March 2023 were as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2023	2022
Apex Holding LLC	United Arab Emirates	Investment Company	100%	100%
Ras Al Khaimah Cement Co. LLC	United Arab Emirates	Clinkers and hydraulic cement manufacturers and wholesale of cement products trading	100%	100%
Apex Alwataniah Catering Service LLC	United Arab Emirates	Food catering	100%	100%
The Central Tents Company – Sole Proprietorship LLC	United Arab Emirates	Sale and rental of tents	100%	100%
R Facility Management – Sole Proprietorship LLC	United Arab Emirates	Facilities management services	100%	100%
Boudoir Interiors – Sole Proprietorship LLC	United Arab Emirates	Interior design implementation works	100%	100%
Apex National Investment LLC	United Arab Emirates	Investment, institution and management of enterprises	100%	100%
Support Services Catering Company – Sole Proprietorship LLC	United Arab Emirates	Building cleaning services	100%	100%
Apex Companies Management LLC (*) (**)	United Arab Emirates	Management services of companies and private institutions	40%	40%
Apex Construction and Development – Sole Proprietorship LLC (*)	United Arab Emirates	Real estate development and construction	100%	100%
Apex Padel Sport LLC – Sole Proprietorship PJSC (***)	United Arab Emirates	Tennis club	-	100%
Apex Alwataniah Logistics – Sole Proprietorship LLC (*)	United Arab Emirates	Land, marine, air shipment and clearance	100%	100%
Apex UL Investment LLC (*)	United Arab Emirates	Commercial enterprises investment	51%	51%
Riva Marine General Marine Services – Sole Proprietorship LLC (***)	United Arab Emirates	Marine machine and equipment repair and maintenance	-	100%
Apex AGRO Investments – Sole Proprietorship LLC (*)	United Arab Emirates	Agricultural Crop Trading and Investment	100%	100%

(*) These entities are dormant and non-operating entities.

(**) Subsidiary consolidated based on de-facto control.

(***) During the period, the licences of Apex Padel Sport LLC Sole Proprietorship LLC and Riva Marine General Marine Services-Sole Proprietorship LLC were cancelled.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.3 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 2022, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

UAE Corporate Tax Law disclosures

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

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

As certain other cabinet decisions are pending as on the date of these interim condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

3.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Judgements

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

Determining whether unsigned (verbal) agreements meet the definition of contract under IFRS 15

Certain projects for the Government of Abu Dhabi, its departments or related parties, are executed on the basis of verbally agreed terms (including estimates of total project cost and timelines) in line with the Group's historical business practice. Management has determined such unsigned verbal agreements meet the definition of a 'contract with customer' under IFRS 15. Management considers such unsigned verbal agreements to meet the definition of a 'contract with customer' under IFRS 15 since the Group and the customer agree upon the essential elements of a contract and any other lawful conditions, though matters of detail are left to be agreed upon at a later date, and the contract is deemed to be made and binding even in the absence of agreement on these matter of detail. In addition, under Article 132 of the UAE Civil code and under the Supreme Administrative Court Ruling in Case no. 134 of 42 Judicial Year dated 22 July 1997 a contract can be oral or written and a contract can also result from acts which demonstrate the presence of mutual consent between the relevant parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Estimation uncertainty

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

Useful lives and residual values of property and equipment

The useful lives and residual values of the property and equipment are based on management's judgment of the historical pattern of useful lives and the general standards in the industry. Management has reviewed the residual values and the estimated useful lives of property and equipment in accordance with IAS 16 'Property Plant and Equipment' and has determined that these expectations do not significantly differ from previous estimates.

Impairment of property and equipment

Property and equipment are assessed for impairment based on an assessment of whether impairment indicators exist at the interim consolidated statement of financial position date. Management has not provided any amounts in the current year for potentially impaired items of property and equipment as management has not identified any impairment indicators. Accordingly, no provision for impairment is necessary on property and equipment.

Business combinations

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

Allowance for expected credit losses on trade receivable and amounts due from related parties

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

At the reporting date, gross trade accounts receivable and amounts due from related parties amounted to AED 538,727,140 (2022: AED 641,460,299) and AED 262,740,235 (2022: AED 237,758,172) and the allowance for expected credit losses against them amounted to AED 20,588,870 (2022: AED 31,914,486) and AED 8,760,037 (2022: AED 4,865,602), respectively. Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of comprehensive income.

Impairment of inventories

Inventories are stated at the lower of cost or net realizable value. When inventories become slow-moving or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant but which are slow moving or obsolete, are assessed collectively and provision is made according to inventories type and degree of ageing or obsolescence, based on historical selling prices.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES continued

Estimation uncertainty continued

Calculation of the quantity of inventory

The calculation of closing stock quantities of certain raw materials, clinker and finished cement requires the use of estimates. At the end of each reporting period, management appoints a surveyor to determine the volume of the inventory which is used by management, using a formula by reference to the inventory's estimated density, to arrive to the closing quantity.

3.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the interim consolidated statement of comprehensive income.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in interim consolidated statement of comprehensive income as a gain on bargain purchase.

3 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES continued

3.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Changes in Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in the interim consolidated statement of comprehensive income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

Acquisition of entities under common control

Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

4 BUSINESS COMBINATIONS

Business Combination under common control – Acquisition of Apex Holding LLC

As stated in note 1, during 2022, the Company received and approved an offer from the shareholders of Apex to transfer 100% of the shareholding of Apex to the Company (the “Transaction”). On 1 March 2022 (the “Acquisition Date”) all regulatory approvals related to the Transaction were received, and the entire issued share capital of Apex was transferred to the Company in consideration for the issuance of mandatory convertible bonds by the Company to Apex’s shareholders. The convertible instruments were converted into 3,050,077,467 ordinary shares at a par value of AED 1 each representing 85.8% of the issued share capital of the post-merger combined entity.

Apex is based in the United Arab Emirates and is involved in providing food catering, ready-made food catering contracts (meal preparation), camps and labor accommodation management, facilities management services, onshore and offshore oil and gas fields and facilities services, sale and rental of tents and shades, tailoring producing tents pavilions, organizing parties and events and providing interior design work. During the second quarter of 2022, the Company completed its assessment and concluded that the transaction represents a business combination of entities under common control which is outside the scope of IFRS 3 given that the Company and the acquired entity are ultimately controlled by the same party before and after the acquisition. Accordingly, consistent with the Group accounting policy, the Company accounted for the transaction using the pooling of interest method.

The following table summarises the assets acquired and liabilities assumed:

	<i>Total AED</i>
Assets	
Property, plant and equipment	12,726,735
Intangible assets	6,882,615
Right of use of assets	162,323
Inventories	4,970,697
Financial assets carried at fair value through profit or loss	508,498,999
Amounts due from related parties	205,925,594
Trade and other receivables	738,927,686
Cash and bank balances	<u>25,428,780</u>
	<u>1,503,523,429</u>
Liabilities	
Provision for employees’ end of service benefits	2,426,506
Amounts due to related parties	27,630,169
Lease liabilities	129,644
Trade and other payables	<u>224,169,746</u>
	<u>254,356,065</u>
Total identifiable net assets acquired	1,249,167,364
Purchase consideration transferred	<u>3,050,077,467</u>
Merger reserve	<u>(1,800,910,103)</u>
<i>Analysis of cash flows on acquisition:</i>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	25,428,780
Cash paid	<u>-</u>
Net cash flow on acquisition	<u>25,428,780</u>

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

5 REVENUES

An analysis of the Group's revenues is as follows :

	<i>Three-month period ended</i>	
	<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited) (Restated)</i>
Catering services	70,602,915	47,721,590
Sale of tents	17,000,000	60,170,787
Facility management services	33,471,848	14,523,380
Contracting services	3,964,257	4,128,255
Sale of cement	<u>22,698,137</u>	<u>36,980,636</u>
Total	<u>147,737,157</u>	<u>163,524,648</u>

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

	<i>Three-month period ended</i>	
	<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited) (Restated)</i>
Timing of revenue recognition		
Goods and services transferred at a point in time	98,947,552	87,845,953
Goods and services transferred over time	<u>48,789,605</u>	<u>75,678,695</u>
Total	<u>147,737,157</u>	<u>163,524,648</u>

6 PROPERTY AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 5,067,859 (three month period ended 31 March 2022: AED 2,330,266), excluding property, plant and equipment acquired through business combinations and depreciation charge for the three month period ended 31 March 2023 amounted to AED 7,480,766 (three month period ended 31 March 2022: AED 4,139,486). Property, plant and equipment acquired through business combinations for the three month period ended 31 March 2022 amounted to AED 12,726,735. Disposal of Property, plant and equipment amounted to AED 181,136 (three month period ended 31 March 2022: AED 8,765).

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

7 TRADE AND OTHER RECEIVABLES

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Trade receivables – from government entities	421,173,410	529,604,430
Trade receivables – from non-government entities	79,857,814	90,236,707
Unbilled receivables – from government entities	25,311,096	8,688,161
Unbilled receivables – from non-government entities	<u>12,384,820</u>	<u>12,931,001</u>
	538,727,140	641,460,299
Less: provision for expected credit losses	<u>(20,588,870)</u>	<u>(31,914,486)</u>
Trade receivables – net	518,138,270	609,545,813
Deposits	21,535,724	13,467,703
Prepayments	6,345,930	10,549,736
Advances to suppliers	4,107,697	3,733,407
Accrued income	11,327,276	-
Other receivables (net)*	<u>2,451,896</u>	<u>2,576,843</u>
	<u>563,906,793</u>	<u>639,873,502</u>

*Other receivables (net) includes amount receivable from a supplier amounting to AED 2,000,179 (31 December 2022: AED 4,475,179) against which specific provision has been made by the Group.

Trade receivable balance at the end of the period is due from multiple customers including receivable from 5 customers amounting to AED 458,573,358 (31 December 2022: AED 564,867,660) representing 81% (31 December 2022: 88%) of the trade receivables. Management considers these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Group.

The movement in provision for expected credit losses was as follows:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Opening balance	31,914,486	13,048,846
Acquired in business combination	-	10,840,022
(Write-back) charge for the period/year	(11,308,988)	10,438,295
Write off	<u>(16,628)</u>	<u>(2,412,677)</u>
Closing balance	<u>20,588,870</u>	<u>31,914,486</u>

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

7 TRADE AND OTHER RECEIVABLES continued

	<i>Total AED</i>	<i>Past due</i>				
		<i>0-90 days AED</i>	<i>90-180 days AED</i>	<i>180-270 days AED</i>	<i>270-360 days AED</i>	<i>More than 360 days AED</i>
<i>At 31 March 2023 (Unaudited)</i>						
Expected credit loss rate		0.33%	0.33%	0.33%	0.33%	0.33%
Estimated total gross carrying amount at default – government trade and unbilled receivables	446,484,506	84,840,724	26,733,821	42,736,935	72,658,874	219,514,152
Expected credit loss	1,469,690	278,320	87,700	140,197	238,357	725,116
Expected credit loss rate		5.85%	2.56%	47.03%	100%	89.42%
Estimated total gross carrying amount at default – non-government trade and unbilled receivables	92,242,634	67,727,049	8,374,977	568,937	229,741	15,341,930
Expected credit loss	19,119,180	3,850,938	1,051,550	267,565	229,741	13,719,386
Expected credit loss rate		2.74%	3.24%	0.94%	0.64%	6.15%
Estimated total gross carrying amount at default – trade and unbilled receivables	538,727,140	152,567,773	35,108,798	43,305,872	72,888,615	234,856,082
Expected credit loss	20,588,870	4,129,258	1,139,250	407,762	468,098	14,444,502

	<i>Total AED</i>	<i>Past due</i>				
		<i>0-90 days AED</i>	<i>90-180 days AED</i>	<i>180-270 days AED</i>	<i>270-360 days AED</i>	<i>More than 360 days AED</i>
<i>At 31 December 2022</i>						
Expected credit loss rate		0.33%	0.33%	0.33%	0.33%	0.33%
Estimated total gross carrying amount at default – government trade and unbilled receivables	538,292,591	94,008,526	117,723,310	107,053,052	209,622,737	9,884,966
Expected credit loss	1,766,038	308,564	386,191	351,188	687,667	32,428
Expected credit loss rate		7.88%	34.72%	40.52%	17.77%	100.00%
Estimated total gross carrying amount at default – non-government trade and unbilled receivables	103,167,708	71,229,895	8,376,227	526,355	1,973,071	21,062,160
Expected credit loss	30,148,448	5,613,886	2,908,584	213,289	350,529	21,062,160
Expected credit loss rate		3.58%	2.61%	0.52%	0.49%	68.16%
Estimated total gross carrying amount at default – trade and unbilled receivables	641,460,299	165,238,421	126,099,537	107,579,407	211,595,808	30,947,126
Expected credit loss	31,914,486	5,922,450	3,294,775	564,477	1,038,196	21,094,588

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES

The Company has the following investments in equity-accounted investees:

<i>Investees</i>	<i>Classification</i>	<i>Principal activities</i>	<i>Country of incorporation</i>	<i>Equity %</i>	
				<i>31 March 2023</i>	<i>31 December 2022</i>
Reem Ready Mix L.L.C	Associate	Engaged in business of manufacture and sale of concrete ready mix and providing concrete pumping services	UAE	20%	20%
Sky Go Transport of Goods LLC	Joint venture	Engaged in Air transportation for goods using unmanned aerial vehicles (Drones)	UAE	50%	50%

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

8 INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES continued

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Reem Ready Mix L.L.C	30,300,594	30,450,965
Sky Go Transport of Goods LLC	<u>1,673,073</u>	<u>2,259,130</u>
	<u>31,973,667</u>	<u>32,710,095</u>

The movement in investment in equity accounted investees is as follows:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Opening balance	32,710,095	35,534,098
Additional investment during the period/year	-	3,675,000
Share of loss for the period/year	<u>(736,428)</u>	<u>(6,499,003)</u>
	<u>31,973,667</u>	<u>32,710,095</u>

9 FINANCIAL ASSETS

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Financial assets carried at FVTPL	391,874,541	587,147,884
Financial assets carried at FVTOCI	<u>123,566,601</u>	<u>188,717,187</u>
	<u>515,441,142</u>	<u>775,865,071</u>
<i>Financial assets carried at FVTPL</i>		
<i>Quoted investments</i>		
Opening balance	587,147,884	41,300,363
Additions – acquired under business combination (note 4)	-	508,498,999
Additions	-	12,871,249
Change in fair value	(195,273,343)	32,841,833
Gain on sale of investments carried at FVTPL	-	1,081,240
Disposals	<u>-</u>	<u>(9,445,800)</u>
Closing balance	<u>391,874,541</u>	<u>587,147,884</u>

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

9 FINANCIAL ASSETS

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Financial assets carried at FVTOCI</i>		
<i>Quoted and unquoted investments</i>		
Opening balance	188,717,187	211,076,425
Change in fair value	<u>(65,150,586)</u>	<u>(22,359,238)</u>
Closing balance	<u>123,566,601</u>	<u>188,717,187</u>
Total quoted securities	118,498,235	183,648,821
Unquoted securities	<u>5,068,366</u>	<u>5,068,366</u>
	<u>123,566,601</u>	<u>188,717,187</u>

The geographical distribution of investments is as follows:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
UAE	<u>515,441,142</u>	<u>775,865,071</u>

The investments are recorded at fair value using the valuation techniques as disclosed in note 19.

10 INVENTORIES

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Raw materials	14,492,042	13,900,580
Finished goods	7,459,816	7,342,095
Work in progress	14,202,110	6,626,992
Consumable items	3,726,217	3,803,834
Spare parts – maintenance	<u>31,289,868</u>	<u>31,094,959</u>
Total	71,170,053	62,768,460
Less: allowance for slow-moving and obsolete inventories	<u>(4,975,334)</u>	<u>(4,975,334)</u>
Total	<u>66,194,719</u>	<u>57,793,126</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

10 INVENTORIES continued

Movement in the allowance for slow-moving and obsolete inventories is as follows:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Opening balance	4,975,334	4,618,160
Acquired in business combination	<u>-</u>	<u>357,174</u>
Closing balance	<u>4,975,334</u>	<u>4,975,334</u>

11 CASH AND BANK BALANCES

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Cash on hand	1,264,193	928,042
Bank balances	<u>173,374,623</u>	<u>141,675,507</u>
	<u>174,638,816</u>	<u>142,603,549</u>

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Cash on hand	1,264,193	928,042
Bank balances	173,374,623	141,675,507
Less: bank overdrafts (note 16)	<u>(11,283,598)</u>	<u>(15,461,358)</u>
	<u>163,355,218</u>	<u>127,142,191</u>

12 SHARE CAPITAL

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Authorised, issued and fully paid		
3,553,195,467 (31 December 2022: 3,553,195,467)		
ordinary shares of AED 1 each	<u>3,553,195,467</u>	<u>3,553,195,467</u>

During 2022, the Company issued 3,050,077,467 towards purchase consideration for the acquisition of a subsidiary and accordingly the issued share capital of the Company increased to 3,553,195,467 shares (note 4).

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31 March 2023

13 RESERVES

13.1 STATUTORY RESERVE

As required by the Decree Law No. (32) of 2021, a minimum of 10% of the profit for the year is to be allocated annually to a non-distributable statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital.

13.2 VOLUNTARY RESERVE

Another 10% of the profit for the year is to be transferred for the creation of a voluntary reserve account. This appropriation will be suspended by a resolution from the general assembly meeting based on a proposal put forward by the Board of Directors, or if such reserve amounts to 20% of Company's paid-up capital. This reserve can be utilised by the Company for the matters as determined by the general assembly meeting on proposals submitted by the Board of Directors.

14 TRADE AND OTHER PAYABLES

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Trade payables	82,970,308	115,209,624
Accruals	47,499,788	30,734,593
Dividends payable	3,951,326	3,951,326
Other payables	<u>5,596,763</u>	<u>9,188,483</u>
	<u>140,018,185</u>	<u>159,084,026</u>

15 RELATED PARTY BALANCES AND TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as defined in the International Accounting Standard (IAS) 24 *Related Party Disclosures*. These represent transactions with related parties, i.e., shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

15.1 Balances

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

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Amounts due from shareholders:</i>		
Chimera Investments LLC	<u>-</u>	<u>60,000</u>
	<u>-</u>	<u>60,000</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.1 Balances continued

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

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Amounts due from related parties:</i>		
Tamouh Healthcare LLC	113,013,813	91,725,550
ATGC Transport & General Contracting LLC-AR*	75,167,011	74,858,643
National Petroleum Construction Company (NPCC)	31,167,173	52,144,666
Tamouh Healthcare Group LLC	17,850,000	-
Moon Flower Real Estate Development LLC	11,898,994	9,753,633
Construction Workers Residential City LLC	5,856,442	6,400,512
Al Ataa Investment LLC	3,815,080	-
Abu Dhabi Health Services Company PJSC	2,098,503	1,422,124
National Marine Dredging Company P.J.S.C	813,813	733,443
International Holding Company P.J.S.C	674,574	44,730
Shory Insurance Brokers - Sole Proprietorship LLC	165,657	342,232
Somerian Health LLC (MediQ Healthcare & Clinic LLC)	111,175	67,312
Telal Resort LLC	102,644	49,468
Al Qudra Holding- International LLC	5,356	26,775
Al Seer Marine Supplies and Equipment Company PJSC	-	2,773
Viola Communications LLC	-	186,311
Total amounts due from related parties	262,740,235	237,818,172
Less: provision for expected credit loss	<u>(8,760,037)</u>	<u>(4,865,602)</u>
	<u>253,980,198</u>	<u>232,952,570</u>

* This represents mainly short-term loans given by the Group for meeting the short term working capital requirements of ATGC Transports & General Contracting LLC -AR. This is an interest free loan and is repayable in single instalment on 17 July 2023.

The movement in provision for expected credit losses was as follows:

	<i>Period ended 31 March 2023 AED (Unaudited)</i>	<i>Year ended 31 December 2022 AED (Audited)</i>
Opening balance	4,865,602	-
Acquisition of subsidiary	-	3,040,263
Net charge for the period / year	<u>3,894,435</u>	<u>1,825,339</u>
Closing balance	<u>8,760,037</u>	<u>4,865,602</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.1 Balances continued

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Amounts due to related parties:</i>		
Zee Stores International LLC	17,972,473	16,446,095
N.R.T.C Dubai International vegetables & Fruits trading LLC	3,079,879	2,983,654
Mirak Royal Nature Fruits & Vegetables LLC	2,208,845	5,294,654
Pal Technology Services	1,746,818	1,758,587
Malaih Investments LLC	1,080,258	-
National Health Insurance Company (Daman) PJSC	956,589	351,542
Royal Horizon General Trading	952,333	185,168
Alliance Food Company LLC	855,580	1,047,607
Newtec Investment General Trading SP LLC	630,000	690,000
Al Jaraf Travel & Tourism	368,185	327,813
Abu Dhabi vegetable oil Company LLC	156,650	181,509
Ghitha Holding PJSC	69,075	69,075
Protect 7 Healthcare - Sole Proprietorship LLC	-	10,743
	<u>30,076,685</u>	<u>29,346,447</u>

15.2 Transactions

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

	<i>Three-month period ended</i>	
	<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited)</i>
Sales	61,392,850	21,470,430
Cost of sales	15,208,859	2,055,209

15.3 Key management remuneration

	<i>Three-month period ended</i>	
	<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited)</i>
Salaries and employee benefits	1,804,409	1,120,467
Employees end of service benefits	<u>21,816</u>	<u>18,514</u>
Total	<u>1,826,225</u>	<u>1,138,981</u>

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

16 BANK BORROWINGS

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Short term loans	-	1,158,655
Bank overdrafts (note 11)	<u>11,283,598</u>	<u>15,461,358</u>
	<u>11,283,598</u>	<u>16,620,013</u>

Movement of the short-term loans during the period / year was as follows:

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Opening balance	1,158,655	8,110,580
Paid during the period / year	<u>(1,158,655)</u>	<u>(6,951,925)</u>
Closing balance	<u> -</u>	<u>1,158,655</u>

Short term loans:

The Group obtained a term loan facility of AED 30,000,000 in 2017 to finance the construction of Waste Heat Recovery Plant at Ras Al Khaimah Factory. The loan is repayable in 48 equal monthly instalments. The loan carries an interest rate of 3 months EIBOR + 2.75% per annum, subject to a minimum of 4.25% per annum. The term loan is secured by:

- Pledge over Waste Heat Recovery Plant; and
- Assignment of comprehensive insurance policy on Waste Heat Recovery Plant.

Under the terms of the borrowing facilities, the Group is required to comply with the following financial covenants:

- Pledge over plant and machinery procured for Waste Heat Recovery plant project for AED 30 million in favour of the bank;
- Assignment of comprehensive insurance policy over plant and machinery for Waste Heat Recovery plant project for AED 30 million in favour of the bank and registration of such assignment with the security registry at the cost of the Group;
- The average Debt Service Coverage Ratio will not fall below 1.25:1 at any given point during the tenor of the loan;
- All assets of the Group are fully insured at all times during the tenor of the facility;
- The adjusted leverage ratio will be maintained at 1:1 or below at all times during the tenor of the loan.

Bank overdraft represents unsecured bank credit facilities from a financial institution in the United Arab Emirates up to a limit of AED 20 million. The facility bears interest at 3 months EIBOR + 2.75% per annum, subject to minimum of 4.5% per annum.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023
17 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31 March 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Bank guarantees	<u>22,765,195</u>	<u>25,837,124</u>

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

18 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the three month period ended 31 March 2023 and 31 March 2022.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of trade and other receivables, financial assets carried at fair value through profit or loss, financial assets carried at fair value through other comprehensive income, amounts due from related parties, and cash and bank balances. Financial liabilities consist of trade and other payables, short term borrowings, lease liabilities and amounts due to related parties.

The fair values of the Group's financial instruments are not materially different from their carrying amounts at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19 FAIR VALUES OF FINANCIAL INSTRUMENTS continued

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

<i>Financial assets</i>	<i>Fair value as at 31 March 2023 AED</i>	<i>Fair value as at 31 December 2022 AED</i>	<i>Fair value hierarchy</i>	<i>Valuation techniques</i>
Quoted equity investments – investment in financial assets	510,372,776	770,796,705	Level 1	Quoted bid prices in an active market
Un-quoted equity instruments	5,068,366	5,068,366	Level 3	Based on the net asset value method.

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.

20 (LOSS) EARNINGS PER SHARE

Basic (loss) earnings per share has been computed by dividing the (loss) profit for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>Three-month period ended</i>	
	<i>31 March 2023 AED (Unaudited)</i>	<i>31 March 2022 AED (Unaudited) (restated)</i>
(Loss) profit for the period (in AED)	(190,184,638)	49,452,199
Weighted average number of shares (share)	<u>3,553,195,467</u>	<u>3,553,195,467</u>
Basic (loss) earnings per share	<u>(0.054)</u>	<u>0.014</u>

Diluted earnings per share as of 31 March 2023 and 31 March 2022 are equivalent to basic earnings per share.

Apex Investment PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

21 SEGMENT INFORMATION

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

- Catering** : Offers catering services to public and private organizations in UAE
- Facility Management Services** : Offers a range of facilities management services with customized solutions to various businesses across a variety of sectors
- Manufacturing** : Engaged in the manufacturing and distribution of clinker and cements across UAE and internationally
- Contracting** : Provides tents, shades and mobile halls to customers, building field hospitals and offers a wide range of services including planning, design consultancy and delivery of high end interiors
- Investments** : Is the investment arm of the group and incubates new businesses and technologies as well as manages the proprietary capital of the group
- Others** : (unallocated) includes head office expenses and income not allocated to any segment

31 March 2023 (Unaudited)

	Catering AED	Facility management services AED	Manufacturing AED	Contracting AED	Investments AED	Others AED	Inter segment eliminations AED	Group AED
Revenue	79,035,076	33,794,826	22,698,136	20,964,257	-	-	(8,755,138)	147,737,157
Cost of sales	(70,488,019)	(20,760,159)	(28,729,331)	(17,348,471)	-	-	8,755,138	(128,570,842)
Gross profit (loss)	8,547,057	13,034,667	(6,031,195)	3,615,786	-	-	-	19,166,315
General and administrative expenses	(7,340,311)	(5,821,485)	4,907,807	(304,739)	(406,944)	(5,276,954)	-	(14,242,626)
Other income	424,314	875,264	43,215	12,810	-	1,561	-	1,357,164
Finance costs	(110,558)	(67,405)	(232,135)	(12,909)	(993)	(1,302)	-	(425,302)
Foreign exchange loss	-	-	(30,418)	-	-	-	-	(30,418)
Profit (loss) from operations	1,520,502	8,021,041	(1,342,726)	3,310,948	(407,937)	(5,276,695)	-	5,825,133
Share of loss from equity accounted investees	-	-	-	-	(736,428)	-	-	(736,428)
Net loss from financial assets at FVTPL	-	-	-	-	(195,273,343)	-	-	(195,273,343)
Profit (loss) for the period	1,520,502	8,021,041	(1,342,726)	3,310,948	(196,417,708)	(5,276,695)	-	(190,184,638)
31 March 2023								
Segment assets	927,891,634	196,568,667	390,379,435	380,125,672	4,081,575,173	3,143,553	(3,997,394,982)	1,982,289,152
Segment liabilities	112,010,400	38,593,271	76,333,431	225,438,697	179,984,449	120,863,617	(564,055,410)	189,168,455
31 March 2022 (Unaudited) (restated)								
	Catering AED	Facility management services AED	Manufacturing AED	Contracting AED	Investments AED	Others AED	Inter segment eliminations AED	Group AED
Revenue	48,193,670	15,734,401	36,980,638	63,081,887	-	-	(465,948)	163,524,648
Cost of sales	(22,123,654)	(8,449,124)	(40,460,288)	(50,073,303)	-	-	465,948	(120,640,421)
Gross profit (loss)	26,070,016	7,285,277	(3,479,650)	13,008,584	-	-	-	42,884,227
General and administrative expenses	174,648	(608,533)	(3,400,208)	(709,135)	(184,382)	(936,742)	-	(5,664,352)
Other income	-	-	60,005	-	-	-	-	60,005
Finance costs	(5,612)	(3,938)	(332,784)	(2,466)	(116)	(109)	-	(345,025)
Foreign exchange loss	-	-	(239,263)	-	-	-	-	(239,263)
Profit (loss) from operations	26,239,052	6,672,806	(7,391,900)	12,296,983	(184,498)	(936,851)	-	36,695,592
Share of loss from an equity accounted investees	-	-	-	-	(228,026)	-	-	(228,026)
Net gain from financial assets at FVTPL	-	-	-	-	12,984,633	-	-	12,984,633
Profit for the period	26,239,052	6,672,806	(7,391,900)	12,296,983	12,572,109	(936,851)	-	49,452,199
31 December 2022								
Segment assets	966,977,775	204,184,980	389,721,050	365,442,006	4,340,135,335	7,601,483	(4,013,395,004)	2,260,667,625
Segment liabilities	152,557,044	54,230,626	74,332,311	214,065,978	176,623,819	120,462,804	(580,060,878)	212,211,704