

**INVICTUS INVESTMENT
COMPANY PLC**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022



Invictus Investment Company PLC

Directors' Report

31 December 2022

Directors' Report

31 December 2022

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report together with the audited consolidated financial statements of Invictus Investment Company PLC (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2022.

Company Overview

Invictus Investment Company PLC is a holding company which was formed in March-2022 and its major subsidiary Invictus Trading FZE (referred as Invictus) is a leading commodities trading company formed in February-2014 and has its presence in the commodities market since then. Invictus began trading wheat in the Middle East and North Africa (MENA) region. Today, it has leveraged its core business volumes to diversify into many other variety of commodities, including Wheat, Sugar, Cotton, Meat, Sesame, Groundnuts, Fertilizer, among others. With a growing and diversified sourcing network. Invictus been able to expand its sourcing strategy upstream to smallholder farmers and deliver commodities to clients globally, while focusing primarily across Africa, the Middle East, Europe and Asia.

Key aspects of Strategy and Business Outlook

The Group focuses on import and export relationship in commodities businesses. Its key value drivers include competitive sourcing, managing and enhancing product quality when sourcing, and managing supplier and customer relationships. As part of its strategy, the Group continues to execute its plan to diversify its business, by adding new products, new geographies, and investing in fixed assets that add synergy to the business either upstream, downstream, or within areas of logistics.

During the last six months, the Group announced two significant strategic investment initiatives, including investments into bulk-carriers to support the trading business and in a long-term port infrastructure development project. Further, the Group carried out a detailed strategy assessment for the next 5 years, with a view to identifying key new markets and new product areas in which to grow. The strategy has already been put into effect, with significant new product areas added to the product portfolio and new customers added in a number of new markets, across Africa and Asia.

Board of Directors

The Board of Directors of the Company are:

Chairman	Mr. Osama Daoud Abdel Latif
Vice Chairman	Mr. Syed Basar Shueb
Director/CEO	Mr. Amir Daowd Abdellatif Ibrahim

Financial highlights

During the full year ended 31 December 2022, the Group reported total revenue of AED 5,983,165,324 and net profit of AED 454,586,718 (2021: revenue of AED 2,948,666,337 and net profit of AED 282,022,017). With the strong growth in the business, the Group has reported revenue and profit increases of 103% and 61% respectively for the full year 2022.

Earnings per share for the twelve months ending on December 31, 2022 was recorded at AED 0.57. Total assets of the Group amounted to AED 2,699,550,198 as of December 31, 2022, compared to AED 1,071,656,070 on December 31, 2021, reporting an increase of 152% in the period.

Total equity as of year-end 2022 amounted to AED 1,028,586,718 as compared to AED 250,000,000 in the last reporting period, registering an increase of 311%.

The Group witnessed a robust increase in revenues and net profit during the year ended 31st December 2022. The increase is driven by a combination of volume growth across various commodities, as the Group continues to build market share, add new commodities to its product offering to its customers and by entering into new markets.

To the best of our knowledge, the financial information included in this consolidated financial statements fairly presents in all material respects of financial condition, results of operation and cash flows of the Group as of, and for, the periods presented there in. The consolidated financial statements were approved by the board of directors and authorized for issue on 03 March 2023.

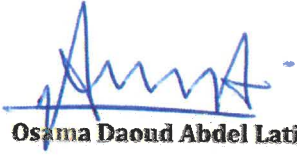
Statement of Disclosure to auditors:

The Directors of Invictus Investment Company PLC confirm that as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and they have taken all the steps that they should have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors

A resolution proposing the reappointment of Ernst & Young as auditors of the Group for the year ending December 2023 will be put to the shareholders at Annual General Meeting.

On behalf of Board of Directors



Osama Daoud Abdel Latif

Chairman, Invictus Investment Co. PLC

03 March 2023





**Ernst & Young – Middle East
(ADGM Branch)**
P.O. Box 136
24th Floor, Office 2449, Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
Abu Dhabi, United Arab Emirates

Tel: +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

Registration No. 000001136

INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Invictus Investment Company PLC (“the Company”) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (including International Independence Standards) (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
INVICTUS INVESTMENT COMPANY PLC (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

Key audit matter

How our audit addressed the key audit matter

**Related party transactions and balances
(trade in nature)**

The Group has undertaken sales transactions with its affiliates/entities under common control of the Ultimate Beneficiaries (“related parties”) (note 14).

To address this, we performed the following procedures:

We identified such related party transactions and resultant balances as a key audit matter due to:

- the high volume of sales transactions with related parties; and
- the risk of such sale transactions being executed without proper authorisation.

- Understanding the Group’s processes and procedures in respect of identification of related parties, recording of transactions and disclosure of related party transactions in the consolidated financial statements;
- Obtained direct confirmations from related parties, and performed alternative procedures for the unconfirmed balances;
- On a sample basis, tested whether the sales recognised were recorded in the correct period by verifying the underlying contracts, invoices, bill of lading and other supporting documents and whether the arrangements recorded were in accordance with the terms agreed;
- Examined the approvals of the Board of Directors for the related party arrangements and approval of the related party transactions;
- Examined management’s assessment of the recoverability of the related party receivables included in note 13.
- Held discussions and obtained representations from the management in relation to such transactions; and
- We assessed the disclosures made in the consolidated financial statements in accordance with the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were not audited and our opinion does not relate to the results for that year, which are presented only for comparison purposes.

Other Information

The other information comprises the Directors Report and does not include the consolidated financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Companies Regulations 2020 of Abu Dhabi Global Market (ADGM), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INVICTUS INVESTMENT COMPANY PLC (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

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

We communicate with the Board of Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the Companies Regulations 2020 of ADGM, we report that, in our opinion:

- i) The financial statements include, in all material respects, the applicable requirements of the Companies Regulations 2020 of ADGM; and
- ii) The financial information included in the report of the Board of Directors is consistent with the books of account and records of the Group.

For Ernst & Young



Signed by:
Anthony O'Sullivan
Partner

5 March 2023

Abu Dhabi, United Arab Emirates

INVICTUS INVESTMENT COMPANY PLC**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**


For the year ended 31 December 2022

	<i>Notes</i>	2022 AED	2021 AED (Unaudited)
Revenue	5	5,983,165,324	2,948,666,337
Direct costs		(5,408,446,519)	(2,618,290,317)
GROSS PROFIT		574,718,805	330,376,020
Other income		-	2,204,003
Finance income	6	2,601,251	2,713,352
Selling, general and administration expenses	7	(74,408,567)	(34,913,792)
Finance costs	8	(48,324,771)	(18,357,566)
PROFIT FOR THE YEAR		454,586,718	282,022,017
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		454,586,718	282,022,017
Earnings per share for the year			
– basic and diluted (AED)	21	0.57	-

The attached notes 1 to 27 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2022

	Notes	2022 AED	2021 AED (Unaudited)
ASSETS			
Non-current assets			
Property and equipment	9	5,341,990	5,024,394
Intangible assets	10	1,281,259	-
Investment in an Associate	11	4,900,000	-
		<u>11,523,249</u>	<u>5,024,394</u>
Current assets			
Inventories	12	583,509,634	3,428,996
Trade and other receivables	13	1,421,588,516	903,251,013
Due from related parties	14	938,970	52,451,392
Other financial assets	15	144,394,959	90,831,145
Bank balances and cash	16	537,594,870	16,669,130
		<u>2,688,026,949</u>	<u>1,066,631,676</u>
TOTAL ASSETS		<u><u>2,699,550,198</u></u>	<u><u>1,071,656,070</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	280,000,000	-
Share Premium	17	294,000,000	-
Retained earnings		454,586,718	250,000,000
Total equity		<u><u>1,028,586,718</u></u>	<u><u>250,000,000</u></u>
Current liabilities			
Bank borrowings	18	734,484,852	451,297,369
Trade and other payables	19	895,548,915	273,523,707
Due to related parties	14	21,868,160	5,067,838
Dividends payable	20(a)	19,061,553	91,767,156
		<u>1,670,963,480</u>	<u>821,656,070</u>
Total liabilities		<u><u>1,670,963,480</u></u>	<u><u>821,656,070</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,699,550,198</u></u>	<u><u>1,071,656,070</u></u>


Osama Daoud Abdel Latif
Chairman




Amir Daoud Abdelatif Ibrahim
Managing Director

The attached notes 1 to 27 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	<i>Share capital AED</i>	<i>Share premium AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
As at 1 January 2022 (unaudited)	-	-	250,000,000	250,000,000
Conversion to share capital (note 17)	250,000,000	-	(250,000,000)	-
Issuance of additional share capital (note 17)	30,000,000	294,000,000	-	324,000,000
Total comprehensive income for the year	-	-	454,586,718	454,586,718
At 31 December 2022	280,000,000	294,000,000	454,586,718	1,028,586,718
Acquisition of an entity under common control (note 4)*	-	-	323,939,788	323,939,788
Total comprehensive income for the year (unaudited)*	-	-	282,022,017	282,022,017
Dividends declared (note 20(a))*	-	-	(156,001,743)	(156,001,743)
Related party balances waived off*#	-	-	(199,960,062)	(199,960,062)
At 31 December 2021 (Unaudited)	-	-	250,000,000	250,000,000

* Unaudited

#The Ultimate Beneficiaries of the Group resolved to waive off the amounts due from a related party (Sayga Food Industries, Sudan) as at 31 December 2021, which are under their common control. The Group's management has directly adjusted the equity for such waiver amounting to AED 199,960,062.

INVICTUS INVESTMENT COMPANY PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

	<i>Notes</i>	2022 AED	2021 AED <i>(Unaudited)</i>
OPERATING ACTIVITIES			
Profit for the year		454,586,718	282,022,017
Adjustments for:			
Depreciation of property and equipment	9	72,887	75,260
Impairment of property and equipment	9	2,735,311	-
Amortisation of intangible assets	10	661,318	1,917
Finance costs	8	48,324,771	18,357,566
Finance income	6	(2,601,251)	(2,713,352)
Provision for allowance for expected credit losses		187,604	274,026
Other income		-	(2,204,003)
		503,967,358	295,813,431
Changes in working capital:			
Inventories		(580,080,638)	12,397,934
Trade and other receivables		(517,306,940)	(539,542,962)
Trade and other payables		610,686,094	102,562,799
Due from related parties		(9,416,140)	(1,185,442)
Due to related parties		16,800,320	1,784,753
Net cash flows from /(used in) operating activities		24,650,054	(128,169,487)
INVESTING ACTIVITIES			
Additions to property and equipment	9	(3,125,794)	(602,086)
Additions to intangible assets	10	(1,942,577)	-
Interest income received		1,383,083	2,713,352
Net cash flows (used in)/ from investing activities		(3,685,288)	2,111,266
FINANCING ACTIVITIES			
Receipt of trust receipts		2,051,227,059	1,213,574,085
Repayment of trust receipts		(1,768,039,576)	(1,020,603,381)
Margin money deposits placed		(70,768,236)	(26,600,316)
Margin money deposits released		17,204,422	34,092,016
Interest paid		(41,885,654)	(16,093,443)
Dividends paid	20	(11,777,041)	(68,234,587)
Issue of additional share capital		30,000,000	-
Issue of share with premium	17	294,000,000	-
Net cash flows from financing activities		499,960,974	116,134,374
NET INCREASE/(DECREASE) IN BANK BALANCES AND CASH		520,925,740	(9,923,847)
Bank balances and cash, at 1 January		16,669,130	26,592,977
BANK BALANCES AND CASH, AT 31 DECEMBER	16	537,594,870	16,669,130
Significant non-cash transaction			
Investment in an associate		4,900,000	-
Related party balances offset		60,928,562	-
Related party balances waived off		-	199,960,062

The attached notes 1 to 27 form part of these consolidated financial statements.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

1 ACTIVITIES

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

Upon incorporation, IHC Food Holding LLC, an entity registered in Abu Dhabi, UAE, owned 100% legal shareholding interest in the Company. Pursuant to an agreement dated 29 April 2022 between IHC Food Holding LLC and Invictus Holding Limited, an entity registered with the Dubai International Financial Centre (DIFC), Dubai, UAE, the latter transferred its legal ownership interest (100%) in Invictus Trading FZE, including its related assets and liabilities, to the Company (the "transaction"). In conjunction and contemporaneous with the transaction, Invictus Holding Limited (75.0738%) and IHC Food Holding LLC (24.9262 %) became the legal shareholders of the Company. The legal formalities in relation to the transaction were completed on 16 June 2022. Refer notes 2.3.c. and note 4 for further details of accounting for such transaction.

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

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

On 25 October 2022, the Company incorporated Invictus Logistics Holding Company Limited, registered under trade license no 8501 as a private company limited under the Abu Dhabi Global Market Companies (Amendment No. 1) Regulations 2020 in Abu Dhabi, UAE. There are no commercial operations in Invictus Logistics Holding Company Limited since inception until 31 December 2022. The Company together with the subsidiaries is referred to as the "Group".

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

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

As at 31 December 2022, the Shareholders of the Company are Invictus Holding Limited (holding 66.9643%) (the "Parent"), Green Park Investments (holding 22.3214%) and various other shareholders (holding 10.7143%).

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

The principal activities of the Group are trading of agricultural commodities, food products, non-manufactured precious metal trading and other general items and providing sea cargo services and sea shipping lines agents services.

These consolidated financial statements were authorised for issue by the Board of Directors on 3 March 2023.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020.

The consolidated financial statements are prepared under the historical cost convention. The functional currency of the Company is United Arab Emirates Dirhams (AED). Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These are the first set of annual consolidated financial statements of the Group as per the applicable provisions of the Abu Dhabi Global Market Companies Regulations 2020.

The consolidated financial statements of the Group for the year ended 31 December 2021 were unaudited and are presented only for comparison purposes.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

The following new IFRS standards, interpretations and amendments, which became effective as on 1 January 2022 (unless otherwise stated), have been adopted in these consolidated financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- IAS 41 Agriculture – Taxation in fair value measurements
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

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

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

The new and amended standards and interpretations that are issued, but not yet effective, as at 31 December 2022 are disclosed below:

<i>New standards or amendments</i>	<i>Effective date</i>
• Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1	1 January 2023
• IFRS 17 Insurance Contracts	1 January 2023
• Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
• Definition of Accounting Estimate – Amendments to IAS 8	1 January 2023
• IFRS 10 and IAS 28 - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	Effective date deferred indefinitely
• Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	1 January 2024

c. Significant accounting policies

Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

Acquisitions of entities under common control

Acquisitions arising from transfers of interests in entities that are under the common control of the Shareholders is accounted using the pooling of interest method. Such acquisitions are reflected in the Group's consolidated financial statements from the beginning of the earliest period presented and restatement of comparatives to include the financial results of the Subsidiary. The assets and liabilities acquired are recognised at the carrying amounts on the date of acquisition and no adjustments are made to reflect the fair values. Any difference between the consideration paid for the acquisition and carrying value of assets and liabilities acquired is recognised directly in equity. No goodwill is recognised as a result of the acquisition. Refer note 4 for details.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

c. Significant accounting policies (continued)

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary. The Group's investments in associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. This cost includes the initial equity investment, along with long term loans provided by the Group to the associate where such loans are towards the net investment in the investee. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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

2.4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied in the preparation of the consolidated financial statements, are as follows:

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Timing of recognition

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. Typically, the Group's performance obligations are satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

(a) Sale of goods

Revenue from sale of goods is recognised at a point in time when the control of the goods is transferred to the customer, generally on shipping of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any). Typically, as with such transactions, there are no significant variable considerations.

The Group has concluded that there are no significant financing components within contract with customers. The Group does not provide non-cash consideration and warranties to the customers.

(b) Services

The Group provides freight services to its related parties and other external customers, where the customer simultaneously receives and consumes the benefits. Therefore, it meets the criteria to recognise revenue over time. Revenue from provision of services is accounted over the period of such services being rendered.

Principal versus agent consideration

The Group has concluded that it is operating as a principal as it is primarily responsible for providing specified goods and services and acceptability of such goods and services. Further, it also controls the specified goods or services before it is transferred to customer and has the discretion on determination of the prices of such goods or services.

(c) Interest income

Interest income is recognised as the interest accrued using the effective interest rate (EIR) method under which the rate used exactly discounts estimated future cash receipts throughout the expected life of the financial asset to the net carrying amount of the financial asset.

Contract balances

Accounts receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligations under the contract.

Value added tax

Revenue, expenses and assets are recognised at amounts net of value added tax except,

- where VAT incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or part of the expense items, as applicable.
- where receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria are for a provision is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows

Furniture, fixtures and office equipment	2 - 5 years
Vehicles	3 - 5 years

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready to use.

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

Intangible assets

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

Computer Software:

Intangible assets with finite lives are amortised over 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

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

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete and slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition and are valued on a weighted average basis.

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

Goods-in-transit represents the inventory over which Group has legal title based on terms of purchase, but which are physically not received at the Group's warehouse. Goods in transit are recorded at cost when the rights and obligations relating to the goods are transferred to the Group.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Group as a lessee

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

As at the reporting date, there are no lease contract entered by the Group, which requires recognition of right of use assets and its corresponding lease liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances and short-term deposits, as defined above as they are considered an integral part of the Group's cash management.

Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the respective entities within the Group and are recorded at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the consolidated statement of profit or loss and other comprehensive income

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed to the consolidated statement of profit or loss and other comprehensive income.

Provision for employees' end of service benefits

The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment as per the labour laws.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs include interest and other costs that the Group incurs in connection with borrowings of funds.

Borrowing costs which are directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are expensed in the period they occur.

Financial instruments classification

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss and other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI (FVOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss (FVTPL)

The Group recognised financial assets at fair value through profit or loss or at amortised costs. The Group has no financial assets designated at fair value through OCI or profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments classification (continued)

(a) Financial assets (continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised, modified or impaired.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, other receivables and amounts due from related parties, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group measures ECLs based on its historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment which could affect debtors' ability to pay.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any recoveries made are recognised in the consolidated statement profit or loss and other comprehensive income.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments classification (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group has not designated any financial liability as at fair value through consolidated statement of profit or loss.

Subsequent measurement

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

Interest bearing loans and borrowings

Borrowings are initially recognised at the fair value less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in consolidated statement of profit or loss and other comprehensive income. Instalments due within one year are shown as a current liability. Interest is charged as an expense as it accrues with unpaid amounts included in "accounts payable and accruals".

Trade payables and accruals

Trade payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition of financial liabilities

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the consolidated statement of financial position. For derivatives, which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents (unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgments

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

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligation*
The Group is primarily involved in the trading of agricultural commodities, food products, non-manufactured precious metal trading and other general items. The Group has concluded that the delivery of the goods is the only single performance obligation of the Group.
- *Determining the timing of satisfaction of performance obligation*
The Group has concluded that the revenue from delivery of goods is to be recognised at a point in time when the control of the goods is transferred to the customer, being when the goods are delivered to the customers, the customer has full discretion over the channel and the price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location or handed over to the transporter at the port of origin and bill of lading is issued, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- *Consideration of significant financing component in a contract*
The Group has concluded that there is no element of financing deemed to be present in its contract with the customers as the sales are usually made on normal credit terms, which management believes is consistent with market practice.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Going concern

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

Impact of Covid-19

Covid-19, an infectious disease caused by a new virus, was declared a world-wide pandemic by the WHO on 11 March 2020. The measures taken by various Governments across the world to slow the spread of Covid-19 have had a significant impact on the global economy and businesses. The Group's management has assessed and concluded that there is no significant impact on the consolidated financial statements as a result of Covid-19.

Russia & Ukraine conflict

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities (of which financial institutions) and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation.

Additional sanctions have been made following military operations initiated by Russia on 24 February 2022 against Ukraine including the restriction of the access of already sanctioned Russian banks to the international payments system SWIFT. Such sanctions can impact not only the sanctioned entities and individuals including entities under their control but also Business Counterparties of these sanctioned entities. The results of the sanctions and the geopolitical instability have created an important volatility in the financial markets with a potential to adversely impact global economies and increase instability across markets.

The Group is monitoring the developments and will undertake appropriate steps to manage the effect, if any, this has on the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses – trade receivables (including due from related parties for trade transactions)

As at the reporting date, the Group measures ECL's by taking into consideration the historical default rates, current market conditions and forward-looking assumptions about the economic conditions.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of inventories

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

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Key sources of estimation uncertainty (continued)

Impairment of amounts due from related parties (non-trade in nature)

An estimate of the collectible amount of due from related parties is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of the property and equipment and intangible assets

Management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets.

Taxation

The Group undertakes trade transactions with customers across different geographies in various tax jurisdictions and judgement is required in determining whether there are any tax exposures. Uncertainties exist with respect to the interpretation of complex tax regulations, tax residency status, changes in tax laws, and the amount and timing of future taxable income. The Group has assessed that it does not have a permanent establishment in the countries where the events have taken place. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the/ actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

4 TRANSFER OF NET ASSETS BETWEEN ENTITIES UNDER COMMON CONTROL

With effect from 16 June 2022, the Parent has transferred its legal ownership interest (100%) in Invictus Trading FZE including its related assets and liabilities, to the Company.

This transaction has been concluded to be a "common control" transaction outside the scope of IFRS 3 – Business Combinations. Accordingly, the Company has accounted for such transfer of the legal ownership interest including its related assets and liabilities under the pooling of interest method.

Accordingly, the Group has recognised the assets and liabilities of the subsidiary (as per its audited financial statements) transferred at its carrying amounts and presented the comparatives from the beginning of the earliest period i.e. 1 January 2021.

Net assets and liabilities transferred from Invictus Trading FZE as at 1 January 2021:

	Total AED
Property and equipment	4,497,568
Intangible assets	1,917
Inventories	15,826,930
Trade and other receivables	563,942,139
Due from related parties	52,265,950
Other financial assets	98,322,845
Bank balances and cash	26,592,977
Total assets	761,450,326

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

4 TRANSFER OF NET ASSETS BETWEEN ENTITIES UNDER COMMON CONTROL (continued)

	<i>Total AED</i>
Provision for employee end of service benefits	2,022,349
Bank borrowings	258,326,665
Trade and other payables	170,900,787
Due to related parties	2,260,737
Dividends payable	4,000,000
Total liabilities	437,510,538
Net assets transferred	323,939,788

The above net assets have been reflected in the Group's consolidated financial statements as follows:

	<i>Total AED</i>
Retained earnings	323,939,788

During the year, as per the shareholders' resolution the above retained earnings is converted into Share capital of AED 250,000,000.

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>2022 AED</i>	<i>2021 AED (Unaudited)</i>
<i>Type of goods or service and timing of revenue recognition</i>		
Sale of goods - at a point in time	5,952,971,134	2,948,666,337
Freight services - over time	30,194,190	-
	5,983,165,324	2,948,666,337

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with its customers at a point in time:

	<i>2022 AED</i>	<i>2021 AED (Unaudited)</i>
Geographical markets		
Africa	4,248,219,683	2,121,623,660
Middle East	770,470,186	423,814,327
Europe	538,691,156	171,083,770
Asia	418,141,435	232,144,580
USA	7,642,864	-
	5,983,165,324	2,948,666,337
Major category of customers		
Corporate and other customers	2,450,977,683	1,243,823,561
Related parties (note 14)	3,532,187,641	1,704,842,776
	5,983,165,324	2,948,666,337

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

5 REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

5.1 Disaggregated revenue information

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Major product lines		
Wheat	2,688,462,037	1,398,432,381
Sugar	697,202,513	319,110,626
Capital equipment & Packaging materials	595,323,598	272,508,917
Gold	324,230,859	55,690,957
Milk powder	230,821,220	100,514,724
Green fodder	195,087,074	172,413,211
Urea	140,047,659	-
Groundnut oil, cakes and kernels	133,604,726	136,071,540
Barley	59,422,328	-
Others (mainly Sesame, Cotton, etc)	888,769,120	493,923,981
	<u>5,952,971,134</u>	<u>2,948,666,337</u>
Services		
Freight services	<u>30,194,190</u>	<u>-</u>

5.2 Contract balances

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Trade receivables, net (note 13)	<u>1,301,415,210</u>	<u>740,449,201</u>
Contract liabilities (Advance from customers) (note 19)	<u>27,375,560</u>	<u>108,715,375</u>

During the year, the Group recognised revenue amounting to AED 108,715,375 (2021: AED 21,073,836) (unaudited) that were included in the contract liabilities as at the beginning of the year. Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances. These are recognised as revenue as the Group fulfils its performance obligations under the contract.

6 FINANCE INCOME

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Interest on short term deposits	2,103,161	314,856
Interest from related parties (note 14)	498,090	2,398,496
	<u>2,601,251</u>	<u>2,713,352</u>

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

7 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021
	AED	AED
		<i>(Unaudited)</i>
Recharge of staff costs (note 14)	36,402,625	20,220,933
Consultancy expenses	13,950,315	5,870,979
Foreign exchange loss, net	6,088,116	898,735
Impairment of property and equipment (note 9)	2,735,311	-
Sales commission	2,481,711	2,630,792
Rental expenses for short term and low value leases	1,843,546	1,500,000
Professional fees	1,735,108	332,329
Insurance for shipments	1,369,221	1,107,164
IT expenses	1,137,167	664,096
Amortisation of intangible assets (note 10)	661,318	1,917
Allowance for expected credit loss	187,604	274,026
Depreciation for property and equipment (note 9)	72,887	75,260
Other expenses	5,743,638	1,337,561
	74,408,567	34,913,792

Other expenses primarily include, travel expenses, marketing charges, recruitment charges and office expenses.

8 FINANCE COSTS

	2022	2021
	AED	AED
		<i>(Unaudited)</i>
Interest on bank borrowings	33,702,735	12,604,723
Other finance costs	14,622,036	5,752,843
	48,324,771	18,357,566

9 PROPERTY AND EQUIPMENT

	<i>Furniture, fixtures and office equipments AED</i>	<i>Vehicles AED</i>	<i>Capital work- in-progress AED</i>	<i>Total AED</i>
Cost:				
At 1 January 2022	226,818	493,721	4,869,801	5,590,340
Additions	110,289	-	3,015,505	3,125,794
At 31 December 2022	337,107	493,721	7,885,306	8,716,134
Accumulated depreciation:				
At 1 January 2022	125,312	440,634	-	565,946
Depreciation for the year (note 7)	55,669	17,218	-	72,887
Impairment for the year (note 7)	-	-	2,735,311	2,735,311
At 31 December 2022	180,981	457,852	2,735,311	3,374,144
Carrying amount:				
At 31 December 2022	156,126	35,869	5,149,995	5,341,990

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

9 PROPERTY AND EQUIPMENT (continued)

	<i>Furniture, fixtures and office equipments AED</i>	<i>Vehicles AED</i>	<i>Capital work- -in-progress AED</i>	<i>Total AED</i>
Cost:				
On acquisition of a subsidiary (unaudited)	152,690	493,721	4,341,843	4,988,254
Additions	74,128	-	527,958	602,086
At 31 December 2021 (unaudited)	<u>226,818</u>	<u>493,721</u>	<u>4,869,801</u>	<u>5,590,340</u>
Accumulated depreciation:				
On acquisition of a subsidiary (unaudited)	87,298	403,388	-	490,686
Depreciation for the year (note 7)	38,014	37,246	-	75,260
At 31 December 2021 (unaudited)	<u>125,312</u>	<u>440,634</u>	<u>-</u>	<u>565,946</u>
Carrying amount:				
At 31 December 2021 (unaudited)	<u>101,506</u>	<u>53,087</u>	<u>4,869,801</u>	<u>5,024,394</u>

Capital work in progress includes amounts incurred towards the acquisition and upgrade of a Vessel (Flamingo) amounting to AED 5,149,995 (2021: AED 4,869,801) (unaudited). The vessel is currently under dry docking for final inspection and is expected to be ready for sail during the year 2023.

In 2022, impairment loss of AED 2,735,311 (2021: Nil) (unaudited) represented the write-down of the cost of Vessel (Flamingo) to its recoverable amount. This was recognised in the consolidated statement of profit or loss and other comprehensive income (note 7).

Commitments towards the vessel are disclosed in note 23.

10 INTANGIBLE ASSETS

	2022 AED	2021 AED (Unaudited)
Cost		
At 1 January	23,000	23,000
Additions	1,942,577	-
At 31 December	<u>1,965,577</u>	<u>23,000</u>
Accumulated amortisation		
At 1 January	23,000	21,083
Charge for the year (note 7)	661,318	1,917
At 31 December	<u>684,318</u>	<u>23,000</u>
Carrying amount		
At 31 December	<u>1,281,259</u>	<u>-</u>

Intangibles includes software used for operational activities and are amortised over a period of 5 years.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

11 INVESTMENT IN AN ASSOCIATE

On 18 November 2022, the Group made an investment of AED 4,900,000 which represents 49% (2021: Nil) shareholding in Safeen Invictus Ltd, a free zone limited liability company, in Abu Dhabi, UAE. The principal activity of the associate is providing ship management services.

The Group exercises significant influence over Safeen Invictus Ltd, accordingly, the investment has been accounted for as an associate from the effective date.

There are no commercial operations since inception until 31 December 2022.

The associate had commitments of AED 36,750,000 as at 31 December 2022.

12 INVENTORIES

	2022 AED	2021 AED <i>(Unaudited)</i>
Goods held for sale	100,724,608	2,244,700
Goods in transit	482,785,026	1,184,296
Lower of cost or net realisable value	583,509,634	3,428,996

During 2022, AED 5,057,079,996 (2021: AED 2,286,234,009) (unaudited) was recognised as an expense for inventories carried at net realisable value. This is recognised in direct costs.

13 TRADE AND OTHER RECEIVABLES

	2022 AED	2021 AED <i>(Unaudited)</i>
Trade receivables	1,302,231,703	741,162,619
Less: Allowance for expected credit losses (ECL)	(816,493)	(713,418)
	1,301,415,210	740,449,201
Advance to suppliers, netp	110,450,796	156,134,878
VAT receivables	6,901,880	4,367,475
Deposits	601,705	590,506
Prepayments	408,042	1,385,336
Other receivables	1,810,883	323,617
	1,421,588,516	903,251,013

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

INVICTUS INVESTMENT COMPANY PLC
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2022

13 TRADE AND OTHER RECEIVABLES (continued)

As at 31 December, the unimpaired trade receivables comprise of the following:

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Corporate and other customers	269,860,260	117,288,008
Related party receivables		
Affiliates / Entities under common control of Ultimate Beneficiaries	1,031,554,950	623,161,193
	1,301,415,210	740,449,201

Trade receivables are non-interest bearing and are generally on 60 - 120 days credit terms after which trade receivables are considered to be past due. Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable.

Related party receivables include the following balances:

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Sayga Food Industries	829,299,990	452,018,035
DAL Food Industries	70,439,248	60,409,412
Renatus SARL	41,593,935	11,569,057
DAL Engineering Co. Ltd	38,048,234	-
Sudanese Tractor Company	14,960,108	-
DAL Dairy Factory	14,090,870	-
DAL Agriculture	11,489,066	342,650
Ailafoun Integrated Farm	2,198,537	27,690,198
Celebrus Trading FZE	915,116	6,338,622
Optimus International L.L.C	249,975	42,640,637
Others	8,269,871	22,152,582
	1,031,554,950	623,161,193

A reconciliation of the movements in the allowance for ECL for trade receivables is as follows:

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
At 1 January	713,418	1,965,119
Allowance for expected credit losses for the year	103,075	274,026
Bad debts written off	-	(1,525,727)
At 31 December	816,493	713,418

The Group does not hold any collateral against trade receivables.

INVICTUS INVESTMENT COMPANY PLC
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2022

13 TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of unimpaired trade receivables is as follows:

	<i>Total AED</i>	<i>Neither past due nor impaired AED</i>	<i>Past due but not impaired</i>			
			<i>0-90 days AED</i>	<i>91-180 days AED</i>	<i>181-360 days AED</i>	<i>>360 days AED</i>
2022	1,301,415,210	567,476,950	679,385,036	54,093,711	119,327	340,186
2021 (unaudited)	740,449,201	264,086,790	267,994,393	159,363,586	48,211,024	793,408

Refer note 25 on credit risk of trade receivables which explains how the Group managed and measures the credit quality of trade receivables.

Advances are mainly related to advance payment towards procurement of goods. The movement in the provision for impairment against advances is as follows:

	<i>2022 AED</i>	<i>2021 AED (Unaudited)</i>
At 1 January	282,583	282,583
Charge for the year	84,529	-
At 31 December	367,112	282,583

14 RELATED PARTIES TRANSACTIONS AND BALANCES

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

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

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

	<i>2022 AED</i>	<i>2021 AED (Unaudited)</i>
<i>Affiliates /Entities under common control of Ultimate Beneficiaries</i>		
Revenue (note 5)	3,532,187,641	1,704,842,776
Purchases	843,066,902	660,265,771
Freight and shipping costs	223,011,022	-
Finance income (note 6)	498,090	2,398,496
Recharge of staff costs (note 7)	36,402,625	20,220,933

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties under included in the consolidated statement of financial position other than those disclosed in note 13 and note 19 are as follows:

	2022		2021 (Unaudited)	
	Amounts due from related parties AED	Amounts due to related parties AED	Amounts due from related parties AED	Amounts due to related parties AED
<i>Parent Company</i>				
Invictus Holding Limited	-	15,780,896	16,790,162	1,276,743
<i>Affiliates /Entities under common control of the Ultimate Beneficiaries</i>				
Mina Shipping Egypt	-	-	28,756,735	-
Sorens Investment Co Ltd	-	-	5,227,943	-
Dal Group Co. Ltd	-	6,032,628	-	2,529,474
Dal Properties	-	-	-	1,187,783
Other related parties	938,970	54,636	1,676,552	73,838
	938,970	21,868,160	52,451,392	5,067,838

Outstanding balances at the year-end arise in the normal course of business, are unsecured and settlement occurs generally in cash. The related party balances carry interest as per following:

	2022	2021 (Unaudited)
Amounts due from related parties	9.5%	5% - 9.5%
Amounts due to related parties	Interest free	Interest free

The Ultimate Beneficiaries have confirmed in writing to bear losses, if any, that arises on recoverability of the amounts due from related parties.

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

(c) Compensation of key management personnel

There are no employees on the payroll of the Group and all salaries and related staff costs are recharged by a related party.

Of such recharge, AED 12,297,050 (2021: AED 6,461,035) (unaudited) relates to the compensation of key managerial personnel of the Group (note 7).

(d) Share capital

The shareholding includes 0.3064% of shares in the Company held by the Board of Directors amounting to AED 9,264,740 comprising of 3,431,385 shares with a nominal value of AED 0.25 each issued at AED 2.70 per share (31 December 2021: Nil) (unaudited).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

15 OTHER FINANCIAL ASSETS

	2022 AED	2021 AED <i>(Unaudited)</i>
Margin deposits	144,394,959	90,831,145

Margin deposits are pledged as security against bank facilities availed (note 18).

16 BANK BALANCES AND CASH

	2022 AED	2021 AED <i>(Unaudited)</i>
Short-term deposits	323,000,000	-
Bank balances	214,585,728	16,655,937
Cash in hand	9,142	13,193
	537,594,870	16,669,130

Short-term deposits are made for varying periods between one month and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

17 SHARE CAPITAL AND SHARE PREMIUM

	2022 AED	2021 AED <i>(Unaudited)</i>
<i>Share capital</i>		
<i>Authorised, issued, subscribed and fully paid up</i>		
1,120,000,000 share of AED 0.25 each	280,000,000	-

Conversion to share capital

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

Issuance of additional share capital

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

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

18 BANK BORROWINGS

	2022 AED	2021 AED <i>(Unaudited)</i>
Trust receipts	734,484,852	451,297,369

Borrowings were obtained primarily to finance working capital requirements and carry interest at commercial rates. Such borrowings are short term in nature. As at 31 December 2022, the Group has pledged margin deposits of AED 144,394,959 (2021: AED 90,831,145) (unaudited) against the bank facilities availed (note 15).

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

18 BANK BORROWINGS (continued)

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

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

Trust receipts are denominated in AED, carry commercial interest rate and are secured by following:

- a. Irrevocable corporate guarantee from various related parties, indicated above, located in Sudan and UAE;
- b. Registered mortgage over property of Dal Group Co. Ltd, Sudan located in plot no. W34, DAFZA, Dubai, UAE in favour of bank;
- c. Registered mortgage / floating charges over properties, plant and equipment located at Sudan in favour of bank with aggregate mortgage value, covering the entire facilities of the bank; and
- d. Assignment of insurance policy over all assets mortgaged/pledged in favour of bank.

19 TRADE AND OTHER PAYABLES

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Trade payables	796,147,214	120,967,180
Contract liabilities (Advance from customers)	27,375,560	108,715,375
Accruals	67,126,141	43,841,152
Other payable	4,900,000	-
	895,548,915	273,523,707

Included in trade payables is an amount of AED 16,695,339 due to related parties (2021: AED 53,809,613) (unaudited). Further, contract liabilities include an amount of AED 291,483 as advances from related parties (2021: AED 291,483) (unaudited).

The entire trade and other payables are due for settlement within one year from the reporting date. Refer note 25 for details on Group's risk management process.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

20(a) DIVIDEND PAYABLE

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
At 1 January	91,767,156	4,000,000
Dividends declared during the year	-	156,001,743
Dividends paid during the year	(11,777,041)	(68,234,587)
Dividends offset against amounts due from a related party	(60,928,562)	-
	<hr/>	<hr/>
At 31 December	19,061,553	91,767,156
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31 December 2022, the Group has not declared any dividends (31 December 2021 (unaudited): dividends of AED 156,001,743 per share). During the year ended 31 December 2022, balances due from a related party amounting to AED 60,928,562 (31 December 2021: Nil) (unaudited) were adjusted against the dividend payable. At 31 December 2022, the outstanding dividend payable pertains to the erstwhile shareholders of Invictus Trading FZE (the “Subsidiary”).

20(b) DIVIDEND DECLARED

Based on the Group’s financial performance for the year ended December 31, 2022, the Board of Directors recommends a dividend payout of 38.496505% of reported net profit, equivalent of AED 175,000,000, to the shareholders of the Company, subject to shareholder approvals in the Annual General Assembly Meeting (AGM).

In line with ADX Circular No. 14/2022 dated February 21, 2022, the dividend approved in the AGM will be paid out to the Company’s shareholders, with the dividend record date to be 10 calendar days after the date of the AGM approval.

21 EARNINGS PER SHARE

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

	<i>2022</i> <i>AED</i>	<i>2021</i> <i>AED</i> <i>(Unaudited)</i>
Profit for the year	454,586,718	282,022,017
Weighted average number of shares	799,790,415	-
	<hr/>	<hr/>
	0.57	-
	<hr/> <hr/>	<hr/> <hr/>

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

22 SEGMENTAL REPORTING

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

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

22 SEGMENTAL REPORTING (continued)

The CEO and the Board of Directors monitor the operating results of the segment for the purpose of making decisions about performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The entity wide disclosures as required by IFRS 8 on information about products, geographical areas and major customers is reflected in note 5 of these consolidated financial statements.

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

Major customers

During the year ended 31 December 2022, there were one customer of the Group with the revenues greater than 10% of the total revenue of the Group (year ended 31 December 2021: One customer) (unaudited).

23 COMMITMENTS AND CONTINGENCIES

Contingencies

	2022 AED	2021 AED <i>(Unaudited)</i>
Cross corporate guarantee for loans obtained by related parties	241,100,365	271,088,498
Corporate guarantee provided to related parties	136,656,986	236,710,904
Bank guarantees	65,000,000	24,266,457
At 31 December	442,757,351	532,065,859

Commitments

	2022 AED	2021 AED <i>(Unaudited)</i>
Upgrade and overhaul of vessel	1,275,348	650,009
Purchase of vessels/ships	66,150,000	-
At 31 December	67,425,348	650,009

Also, the Group has provided commitment of its share of investment AED 18,007,500 (2021: AED Nil) (unaudited) of the associate’s commitment which have been incurred jointly with other investors.

24 FAIR VALUE MEASUREMENT

Financial instruments comprise financial assets and financial liabilities.

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The above financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

All the financial assets and financial liabilities reflected in the consolidated statement of financial position are measured at amortised cost. At 31 December 2022 and 2021, there are no financial assets or liabilities that are measured at fair value.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

25 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The executive management of the Group has overall responsibility and oversight of the risk management framework, and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

- Interest rate risk;
- Credit risk;
- Liquidity risk; and
- Currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its interest-bearing liabilities (bank borrowings). The Group's interest-bearing financial liabilities expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings at the reporting date. The analysis is prepared assuming that these amounts outstanding at the reporting date were outstanding throughout the year. A 10-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit</i>	
		<i>2022</i>	<i>2021 (Unaudited)</i>
AED	+10%	(2,570,697)	(1,128,243)
AED	- 10%	2,570,697	1,128,243

There is no direct impact on the Group's equity other than the impact resulting from the effect on the profit for the year.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exposure is primarily related to the following financial assets:

	<i>2022 AED</i>	<i>2021 AED (Unaudited)</i>
Trade receivables	1,301,415,210	740,449,201
Bank balances	537,585,728	16,655,937
Other financial assets	144,394,959	90,831,145
Other receivables, including deposits	2,412,588	914,123
Due from related parties	938,970	52,451,392
	<u>1,986,747,455</u>	<u>901,301,798</u>

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

25 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Trade receivables

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy to internally assess the creditworthiness of the counterparties and define credit limits for such parties in accordance with the assessment.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

To manage and monitor the credit risk, the Group categorises its customers on the basis of the credit risk characteristics inherent to each such category, as explained below:

- (a) *Receivable from related parties (trade) under the common control of the Ultimate Beneficiaries amounting to AED 1,031,554,950 (2021: AED 623,161,193) (unaudited) and amounts due from related parties (non trade) of AED 938,970 (2021: AED 52,451,392) (unaudited):*

This category includes receivable from affiliates/ entities under common control of the Ultimate Beneficiaries. For the year ended 31 December 2022 and 31 December 2021, the Group has not recorded any provision for expected credit loss of amounts owed by related parties as there is no history of default or write-off. This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

- (b) *Corporate and other customers of AED 269,860,260 (2021: AED 117,288,008) (unaudited):*

The Group's relationship with the customers are long standing and credit risk is monitored on an ongoing basis as per the Group's policy. The Group assesses credit risk by categorising customers with similar credit characteristics (i.e. by customer types, products sold etc.). As at the reporting date, the Group measures expected credit losses by taking in to consideration the historical default rates, current market conditions and forward-looking assumptions about the economic conditions. Further, the Group considers specific instances of default by customers. There have been no major instances of defaults from corporate and other customers in the past and hence no provision for expected credit losses have been made against such category of accounts receivables.

The Group uses an allowance matrix to measure the expected credit losses of trade receivables, which comprise a very large number of small balances.

At the reporting date, there is no significant concentration of credit risk from any particular customer as the Group deals with a large base of customers.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables from corporate and other customers as at the reporting date.

	<i>Loss rate</i>		<i>Gross carrying amount</i>		<i>Loss allowance</i>	
	<i>2022</i>	<i>2021*</i>	<i>2022</i>	<i>2021*</i>	<i>2022</i>	<i>2021*</i>
	<i>%</i>	<i>%</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Corporate and other customers	0.30%	0.61%	270,676,753	116,574,590	816,493	713,418

* *Unaudited*

Bank balances

Credit risk on bank balances are assessed to be minimal as these balances are callable on demand and held with reputable financial institutions with high credit rating.

Deposits and other receivables (including margin deposits)

With respect to credit risk arising from other receivables, including deposits, the Group's exposure to credit arises from default of the counter party with maximum exposure equal to the carrying amount of these assets.

INVICTUS INVESTMENT COMPANY PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2022

25 FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group limits its liquidity risk by ensuring adequate bank facilities are available. The Group's terms of sales require amounts to be paid within 60 to 120 days from the date of sale. Significant purchases made through advance payments. Remaining trade payables are normally settled within 60 to 90 days from the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

	<i>At 31 December 2022</i>		<i>At 31 December 2021 (Unaudited)</i>	
	<i>Less than 1 year AED</i>	<i>Total AED</i>	<i>Less than 1 year AED</i>	<i>Total AED</i>
Bank borrowings	750,491,731	750,491,731	455,489,019	455,489,019
Trade and other payables	868,173,355	868,173,355	164,808,332	164,808,332
Dividends payable	19,061,553	19,061,553	91,767,156	91,767,156
Due to related parties	21,868,160	21,868,160	5,067,838	5,067,838
	<u>1,659,594,799</u>	<u>1,659,594,799</u>	<u>717,132,345</u>	<u>717,132,345</u>

Changes in liabilities arising from financing activities is disclosed in the consolidated statement of cash flows.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risks mainly arise from sales or purchase by operating unit in foreign currencies other than the unit's functional currency. The Group's transactions are principally undertaken in United Arab Emirates Dirhams (AED) and United States Dollar (USD). The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's trade accounts receivables from related parties, due from related parties, trade receivables, trade payables and due to related parties.

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities.

	<i>Liabilities</i>		<i>Assets</i>	
	<i>2022 AED</i>	<i>2021* AED (Unaudited)</i>	<i>2022 AED</i>	<i>2021* AED (Unaudited)</i>
Euro	(69,351,511)	(21,281,864)	29,717,756	32,644,000
Great Britain Pound	(646,413)	(226,984)	158,622	692,423
Swiss Francs	(17,745)	-	-	-
South African Rand	(4,263)	-	-	-
Egyptian Pound	(574)	-	-	-
	<u>(70,020,506)</u>	<u>(21,508,848)</u>	<u>29,876,378</u>	<u>33,336,423</u>

The Group is mainly exposed on the above foreign currencies. At 31 December 2022, if the exchange rate of these currencies had fluctuated by 5% against AED, with all other variables held constant, the Group's profit for the year and equity as at the reporting date (net impact) would have changed by AED 2,007,206 (2021: AED 591,379) (unaudited).

26 CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021, respectively. Equity comprises share capital, retained earnings and share premium and is measured at AED 1,028,586,718 (2021: AED 250,000,000) (unaudited).

27 CORPORATE TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the consolidated financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.