UNITED PRINTING AND PUBLISHING –
SOLE PROPRIETORSHIP LLC
(Formerly known as United Printing
and Publishing LLC)

Reports and consolidated financial
statements for the year
ended 31 December 2022

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Reports and consolidated financial statements
for the year ended 31 December 2022

Board of Directors' report to the Shareholders for the year ended 31 December 2022

On behalf of United Printing and Publishing - Sole Proprietorship LLC's ("UPP" or the "Company") Board of Directors, I am pleased to present the Board of Directors' report and the audited consolidated financial statements for the year ended 31 December 2022 of the Company and its subsidiary Tawzea Distribution & Logistics Services Establishment (the "Subsidiary" and collectively referred to as the "Group").

Principal activities

The Group's principal activities comprise printing, publishing, packaging and distributing newspapers, magazines, books and other printed materials.

Financial performance

Collectively, the Group generated revenue of AED 576.1 million for the year 2022 (2021: AED 347.8 million). The operating profit of the Group was AED 65.7 million for the year 2022 (2021: AED -32.6 million), while the net profit was AED 67.9 million for the year 2022 (2021: AED -32.6 million).

The Group revenue for the year 2022, comprises of commercial printing revenue of AED 215.3 million (2021: AED 146.7 million), card printing revenue of AED 265.2 million (2021: AED 115.2 million), logistics & distribution revenue of AED 80.8 million (2021: AED 72.9 million), newspaper printing revenue of AED 14.1 million (2021: AED 12.8 million) and packaging revenue of AED 0.5 million (2021: Nil).

The Gross profit margin (excluding impairment loss on property, plant and equipment is 31.0% in 2022 (2021: 20.1%), while the net profit margin in 2022 is 11.8% (2021: -9.4%).

Financial position

The Group's total assets were AED 774.0 million as of 31 December 2022 (31 December 2021: AED 801.2 million). The value of shareholders' equity was at AED 426.4 million as of 31 December 2022 (31 December 2021: AED 418.5 million).

The Group's total cash & cash equivalents were AED 219.6 million as of 31 December 2022 (31 December 2021: AED 169.6 million).

Directors

The Directors who served after 24 March 2022 and up to the date of this report are:

Ahmed Al Shamsi	(Chairman)
Domantas Bagusis	(Member)
Iman Al Qasim	(Member)
Mike Henderson	(Member) – resigned on January 12, 2023
Geraint Thomas	(Member) – resigned on January 12, 2023
Khalid Al Muhaidib	(Member) – appointed on January 12, 2023

The Directors who served during the year and up to 24 March 2022 are:

Ali Rashid Al Nuaimi	(Chairman)
Ahmad Balouma	(Member)
Rajeev Mehta	(Member)

Auditors

The consolidated financial statements for the year ended 31 December 2022 have been audited by Deloitte who retire and being eligible, offer themselves for reappointment.

On behalf of Board of Directors

Ahmed Al Shamsi
Chairman

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF UNITED PRINTING AND PUBLISHING - SOLE PROPRIETORSHIP LLC (Formerly known as United Printing and Publishing LLC)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of **United Printing and Publishing - Sole Proprietorship LLC** (the "Company"), **formerly known as United Printing and Publishing LLC, and its subsidiary** (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 and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its 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) and the applicable requirements of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities 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 our audit of the consolidated financial statements of the current period. These matters were discussed 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. We have not identified any key audit matters that need to be reported.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2021, were audited by another auditor who expressed an unmodified opinion on those statements on 27 December 2022.

Deloitte.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of the 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF UNITED PRINTING AND PUBLISHING - SOLE PROPRIETORSHIP LLC (Formerly known as United Printing and Publishing LLC)
(continued)

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

As part of an audit in accordance with ISAs and the applicable requirements of ADAA Chairman's Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE OWNER OF UNITED PRINTING AND PUBLISHING - SOLE PROPRIETORSHIP LLC (Formerly known as United Printing and Publishing LLC)
(continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2022:

- We have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;
- The Group has maintained proper books of account;
- The financial information included in the Board of Directors' Report is consistent with the books of account of the Group;
- As disclosed in note 1 to the financial statements the Company has not purchased or invested in any shares during the financial year ended 31 December 2022;
- Note 16 to the consolidated financial statements of the Group discloses material related party balances, transactions and the terms under which they were conducted; and
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021; or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022.

Further, as required by the ADAA Chairman Resolution No. 88 of 2021 Regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2022, that nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2022:

(i) its Articles of Association which would materially affect its activities or its financial position as at 31 December 2022; and
(ii) relevant provisions of the applicable laws, resolutions and circulars as detailed in note 3 that have an impact on the Subject Entity's consolidated financial statements.

Deloitte & Touche (M.E.)

Obada Alkowatly
Registration No.: 1056
26 May 2023
Abu Dhabi
United Arab Emirates

Consolidated statement of financial position
at 31 December 2022

	Notes	2022 AED '000	2021 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	265,735	261,619
Right-of-use assets	6	8,209	15,329
Intangible assets		2,650	1,123
Total non-current assets		276,594	278,071
Current assets			
Inventories	7	117,556	75,174
Due from related parties	16	2,920	122,927
Trade and other receivables	8	157,328	155,442
Cash and cash equivalents	9	219,603	169,589
Total current assets		497,407	523,132
Total assets		774,001	801,203
EQUITY AND LIABILITIES			
Equity			
Share capital	10	282,960	317,560
Shareholder's contribution	12	50,600	76,109
Statutory reserve	11	31,645	24,850
Retained earnings		61,187	28
Total equity		426,392	418,547
Non-current liabilities			
Provision for employees' end of service benefits	13	26,271	25,342
Lease liabilities	6	2,999	11,161
Total non-current liabilities		29,270	36,503
Current liabilities			
Trade and other payables	15	257,673	292,386
Due to related parties	16	7,760	9,987
Deferred revenues	14	47,846	39,846
Lease liabilities	6	5,060	3,934
Total current liabilities		318,339	346,153
Total liabilities		347,609	382,656
Total equity and liabilities		774,001	801,203

Ahmed Al Shamsi
Chairman

Ali Saif AlNuaimi
General Manager

Faizal Amod
Chief Financial Officer

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

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Revenues from contracts with customers	**17**	**576,089**	347,796
Direct costs	**18**	**(411,997)**	(318,157)
Gross profit		**164,092**	29,639
General and administrative expenses	**19**	**(64,509)**	(62,721)
Selling and marketing expenses	**20**	**(8,075)**	(4,765)
(Provision)/reversal of impairment loss on financial assets	**8**	**(35,245)**	521
Other income	**23**	**9,462**	4,710
Operating profit/(loss)		**65,725**	(32,616)
Finance costs	**22**	**(577)**	(618)
Finance income	**22**	**2,806**	646
Profit/(loss) for the year		**67,954**	(32,588)
Other comprehensive income		**-**	**-**
Total comprehensive income/(loss) for the year		**67,954**	(32,588)

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

Consolidated statement of changes in equity for the year ended 31 December 2022

	Share capital AED '000	Shareholder's contribution AED '000	Statutory reserve AED '000	Retained earnings AED '000	Total AED '000
Balance at 1 January 2021	317,560	76,109	24,850	32,616	451,135
Total comprehensive loss for the year	-	-	-	(32,588)	(32,588)
Balance at 1 January 2022	317,560	76,109	24,850	28	418,547
Total comprehensive income for the year	-	-	-	67,954	67,954
Transactions with Owners:					
Transfer to statutory reserve	-	-	6,795	(6,795)	-
Movement in Shareholder's contribution (note 12)	-	(25,509)	-	-	(25,509)
Reduction in share capital (note 10)	(34,600)	-	-	-	(34,600)
Balance at 31 December 2022	**282,960**	**50,600**	**31,645**	**61,187**	**426,392**

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

Consolidated statement of cash flows for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Cash flows from operating activities			
Profit/(loss) for the year		**67,954**	(32,588)
Adjustments for:			
Depreciation of property, plant and equipment	**5**	**31,364**	30,787
Depreciation of right-of-use assets	**6**	**5,880**	4,786
Amortisation of intangible assets		**269**	87
Impairment loss on property, plant and equipment	**5**	**14,525**	40,386
Gain on sale of property, plant and equipment		**(954)**	-
Impairment losses/(reversal) of impairment losses on financial assets	**8**	**35,245**	(521)
Provision for slow moving and obsolete inventories	**7**	**7,269**	246
Provision for employees' end of service benefits	**13**	**3,728**	4,718
Loss on write-off property, plant and equipment		**-**	1,110
Finance income – net	**22**	**(2,229)**	(28)
Operating cash flows before changes in operating assets and liabilities		**163,051**	48,983
(Increase)/decrease in inventories		**(49,651)**	7,815
Decrease in due from related parties		**9,298**	12,142
Increase in trade and other receivables		**(37,131)**	(64,085)
(Decrease)/increase in trade and other payables		**(33,734)**	94,399
(Decrease)/increase in due to related parties		**(2,227)**	1,618
Increase in deferred revenues		**8,000**	6,013
Cash generated from operating activities		**57,606**	106,885
Employees' end of service benefits paid		**(2,799)**	(1,732)
Net cash generated from operating activities		**54,807**	105,153
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	**5**	**(52,034)**	(107,737)
Payments for purchase of intangible assets		**(521)**	(1,024)
Finance income received		**1,712**	646
Proceeds from disposal of property, plant and equipment		**1,708**	**-**
Net cash used in investing activities		**(49,135)**	(108,115)

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

Consolidated statement of cash flows (continued)
for the year ended 31 December 2022

	Notes	2022 AED '000	2021 AED '000
Cash flows from financing activities			
Repayment of principal elements of leases	**6**	**(5,681)**	(5,018)
Finance costs paid		**(577)**	(618)
Contribution from Shareholder		**50,600**	-
Net cash generated from/(used in) financing activities		**44,342**	(5,636)
Net increase/(decrease) in cash and cash equivalents		**50,014**	(8,598)
Cash and cash equivalents at the beginning of the year	**9**	**169,589**	178,187
Cash and cash equivalents at the end of the year	**9**	**219,603**	169,589

	Notes	2022 AED '000	2021 AED '000
Non-cash transactions:			
Reduction in share capital	**10**	**(34,600)**	**-**
Adjustment of Shareholder's contribution with due from Abu Dhabi Media Company PJSC	**12**	**(76,109)**	**-**

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

1 General information

United Printing and Publishing – Sole Proprietorship LLC ("UPP" or the "Company") and its subsidiary (collectively referred to as the "Group") is a Limited Liability Company registered in the Emirate of Abu Dhabi, United Arab Emirates on 15 May 2006 in accordance with the provisions of the UAE Federal Law No. 8 of 1984, as amended. The registered address of the Company is Al Shahama, Abu Dhabi, United Arab Emirates, PO Box 39955.

The Group's principal activities comprise printing, publishing and packaging newspapers, magazines, books and other printed materials.

During 2019, the Parent Company's ownership was transferred to Abu Dhabi Developmental Holding Company PJSC ("ADQ", or the "Parent Company") as per Abu Dhabi Law No. 2 of 2018 and Abu Dhabi Executive Council Resolution No 143 of 2019, issued on 20 June 2019. The Parent Company is ultimately owned by the Government of Abu Dhabi (the "Ultimate Shareholder").

ADQ was formed with a view to reorganize various entities, including certain subsidiaries, controlled indirectly by the Government (the "Subsidiaries"). Accordingly, following its formation, the legal and beneficial ownership of and control over the Subsidiaries was transferred by the Government to ADQ. Consequently, the subsidiaries are effectively and ultimately controlled by the same party both before and after the reorganization.

Based on the amendment to the Memorandum of Association, the Abu Dhabi Media Company PJSC transferred 100% of the ownership of the Company to ADQ Developmental Holding LLC, effective from 16 September 2022. The Company has also changed its legal name to United Printing and Publishing – Sole proprietorship LLC.

The Company has also changed its legal name to United Printing and Publishing – Sole proprietorship LLC.

Further, on 18 March 2022, the Parent Company has approved in its meeting the appointment of the new Board of Directors effective from 25 March 2022.

The Group is required, for the year ended 31 December 2021, to be in compliance with the provisions of the UAE Federal Law No. 2 of 2015, as amended. On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Group is in the process of amending its Memorandum of Association to incorporate the additional provisions stipulated in the newly effective Companies law.

The Company holds an investment in a fully owned subsidiary, Tawzea Distribution & Logistics Services Establishment (the "Subsidiary"). The principal activities of the subsidiary are distribution and delivery of parcels and printed materials.

The Group has not purchased or invested in any shares during the year ended 31 December 2022. Further, the Group has not made any social contribution during the year.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IFRS 3 Reference to the Conceptual Framework	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.
Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.
	The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.
	If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.
Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract	The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

**Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)**

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

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

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	The Annual Improvements include amendments to four standards. *IFRS 1 First-time Adoption of International Financial Reporting Standards* The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). *IFRS 9 Financial Instruments* The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. IFRS 16 Leases The amendment removes the illustration of the reimbursement of leasehold improvements. *IAS 41 Agriculture* The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective

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

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach.

The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date not yet decided
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.	

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the` opening balance of retained earnings (or other component of equity, as appropriate) at that date

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	1 January 2023
The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024
The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	

The above stated new standards and amendments are not expected to have any significant impact on the consolidated financial statement of the Group.

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

3 Summary of significant accounting policies

3.1 Statement of compliance

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

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company has applied the requirements of the New Companies Law during the year ended 31 December 2022.

At 31 December 2022, the Company is in process of updating its Memorandum of Association in accordance with the applicable provision of the UAE Federal Decree Law No. (32) of 2021.

3.2 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS.

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and reporting currency. All amounts have been recorded to the nearest thousand, unless otherwise stated.

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved where the Company:

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

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

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

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

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

3 Summary of significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The consolidated financial statements include the assets and liabilities and the results of operations of the following entity:

Name of subsidiary	**Country of incorporation and operations**	**Beneficial ownership interest (%)**		**Principal activity**
		2022	2021	
Tawzea Distribution & Logistics Services Establishment.	United Arab Emirates	100	100	Distribution & logistics services

3.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

3 Summary of significant accounting policies (continued)

3.4 Property, plant and equipment (continued)

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

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

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each statement of financial position date, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are:

Building	20 - 25 years
Plant and equipment	10 - 25 years
Furniture and fittings	3 years
Motor vehicles	5 years
Tools	2 years

Freehold land and properties under construction are not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit or loss.

3.5 Capital work in progress

Capital work in progress is stated at cost. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When commissioned, capital work in progress is transferred to the appropriate property and equipment category and is depreciated in accordance with the Group's policy.

3.6 Impairment of tangible and intangible assets

At each statement of financial position date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3 Summary of significant accounting policies (continued)

3.6 Impairment of tangible and intangible assets (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated realisable value less all estimated costs to completion and costs to be incurred in disposing of inventories.

3.8 End of service benefit

The Group provides end of service benefits to its employees. The entitlement to these benefits is usually based on the employees’ length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. An accrual is made for the estimated liability for employees’ entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

With respect to its UAE national employees, the Group makes contributions to Abu Dhabi Retirement Pensions and Benefits Fund and “General Pension and Social Security Authority –Dubai” calculated as a percentage of the employees’ salaries. The Group ’s obligations are limited to these contributions, which are expensed when due.

3 Summary of significant accounting policies (continued)

3.9 Foreign currencies

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

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

3.10 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as sets out in IFRS 15.

Step 1: Identify the contract(s) with a customer;
Step 2: Identify the performance obligations in the contract;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations in the contract; and
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs; or
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract-based asset on the amount of consideration earned by the performance – unbilled receivables. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives right to a contract liability – advances from customers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

3 Summary of significant accounting policies (continued)

3.10 Revenue recognition (continued)

The Group does not expect to have any contracts where the period between transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

Printing revenue (commercial printing, newspaper printing and cards printing)

Sales of newspapers, cards and other commercial printing are recognised at point in time when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Distribution revenue

The Group provides distribution services, revenue is recognised at a point in time based on the actual service provided the customer as the customer receives and uses the benefits simultaneously.

3.11 Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

3.12 Leases

The Group as lessee

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

3 Summary of significant accounting policies (continued)

3.12 Leases (continued)

The Group as lessee (continued)

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

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

3.12 Leases (continued)

The Group as lessee (continued)

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

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

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

As a practical expedient, IFRS16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

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

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate consideration under the contract to each component.

3 Significant accounting policies (continued)

3.13 Financial instruments

3.13.1 Financial assets

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is 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.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.1 Financial assets (continued)

Classification of financial assets (continued)

(ii) Debt instrument designated at other comprehensive income (continued)

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.1 Financial assets (continued)

Classification of financial assets (continued)

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the ‘finance income’ line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and due from related parties. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade and other receivables and due from related parties. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the consolidated financial statements for the year ended 31 December 2022 (continued)

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1) The financial instrument has a low risk of default,
2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default (“PD”) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.1 Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.13.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3 Summary of significant accounting policies (continued)

3.13 Financial Instruments (continued)

3.13.2 Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimate made by management are summarised as follows:

Critical accounting judgements

<u>Revenue recognition</u>

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

As further described in note 3, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it performs service to a customer. Revenue from construction is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15: *Revenue from contracts with customers*, and in particular whether the Group had transferred control of the goods to the customers. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that control has been transferred upon acceptance of delivery and the recognition of the revenue is appropriate.

<u>Business model assessment</u>

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements(continued)

Business model assessment (continued)

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group 's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Significant increase in credit risk

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

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Estimates

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

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical accounting judgements (continued)

Estimates (continued)

Calculation of loss allowance

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

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Impairment of trade and other receivables at 31 December 2022 are AED 49,448 thousand (2021: AED 14,301 thousand)

Useful lives of property, Plant and equipment

Management determines whether there are any indications of impairment to the carrying values of property, plant and equipment with definite lives, on an annual basis. If any such indication exists, the Group estimates the recoverable amount of the asset. This assessment requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows for the periods and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Property, plant and equipment

	Building AED '000	Plant and equipment AED '000	Furniture and fixtures AED '000	Motor vehicles AED '000	Tools AED '000	Capital work in progress AED '000	Total AED '000
Cost							
At 1 January 2021	182,662	408,736	27,911	8,520	2,507	2,157	632,493
Additions	1,135	4,191	1,591	10,409	206	90,205	107,737
Transfer from capital work in progress	9,033	59,990	-	-	-	(69,023)	-
Disposal	-	-	-	(9)	-	-	(9)
Write-off	-	-	-	-	-	(1,110)	(1,110)
At 31 December 2021	192,830	472,917	29,502	18,920	2,713	22,229	739,111
Additions	66	6	1,884	1,366	55	48,657	52,034
Transfer from capital work in progress	7,632	49,165	8,437	-	42	(65,276)	-
Transfer to intangible assets	-	-	-	-	-	(1,275)	(1,275)
Disposals	-	(12,059)	(4)	(469)	-	-	(12,532)
At 31 December 2022	**200,528**	**510,029**	**39,819**	**19,817**	**2,810**	**4,335**	**777,338**
Accumulated depreciation and impairment							
At 1 January 2021	71,879	302,573	23,702	5,783	2,391	-	406,328
Charge for the year	7,520	18,415	2,232	2,516	104	-	30,787
Eliminated on disposals	-	-	-	(9)	-	-	(9)
Impairment charge (note 18)	-	40,386	-	-	-	-	40,386
At 31 December 2021	79,399	361,374	25,934	8,290	2,495	-	477,492
Charge for the year	8,104	16,164	3,728	3,269	99		31,364
Eliminated on disposals	-	(11,587)	(4)	(187)	-	-	(11,778)
Impairment charge (note 18)	-	10,104	3,709	-	-	712	14,525
At 31 December 2022	**87,503**	**376,055**	**33,367**	**11,372**	**2,594**	**712**	**511,603**
Carrying amount							
At 31 December 2022	**113,025**	**133,974**	**6,452**	**8,445**	**216**	**3,623**	**265,735**
At 31 December 2021	113,431	111,543	3,568	10,630	218	22,229	261,619

Building has been established on land provided to the Group by the Abu Dhabi Media Company PJSC, free of cost. The land is reflected as part of the assets of the Abu Dhabi Media Company PJSC.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

5 Property, plant and equipment (continued)

	2022 AED '000	2021 AED '000
Direct costs (note 18)	**26,939**	27,959
General and administrative expenses (note 19)	**4,425**	2,828
	31,364	30,787

6 Right-of-use assets and lease liabilities

Movements of the right-of-use assets during the year are summarized as follows:

	Warehouse AED '000	**Motor vehicles AED '000**	**Total AED '000**
Cost			
At 1 January 2021	13,931	5,915	19,846
Additions	4,489	4,129	8,618
Derecognition of right-of-use of assets	(609)	(5,915)	(6,524)
31 December 2021	17,811	4,129	21,940
Additions	6,198	-	6,198
Derecognition of right-of-use of assets	(2,235)	-	(2,235)
Modification of payment	(7,438)	-	(7,438)
31 December 2022	**14,336**	**4,129**	**18,465**
Accumulated depreciation			
At 1 January 2021	2,434	5,915	8,349
Charge for the year	3,582	1,204	4,786
Derecognition of right-of-use of assets	(609)	(5,915)	(6,524)
31 December 2021	5,407	1,204	6,611
Charge for the year	4,504	1,376	5,880
Derecognition of right-of-use of assets	(2,235)	-	(2,235)
31 December 2022	**7,676**	**2,580**	**10,256**
Carrying amount			
At 31 December 2022	**6,660**	**1,549**	**8,209**
At 31 December 2021	12,404	2,925	15,329

6 Right-of-use assets and lease liabilities

During the year movement in lease liabilities were as follows:

	AED '000
At 1 January 2021	11,495
Additions	8,618
Finance costs (note 22)	496
Lease payments	(5,514)
At 31 December 2022	15,095
Additions	6,083
Finance costs (note 22)	414
Lease payments	(6,095)
Disposal	(7,438)
At 31 December 2022	**8,059**

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

	2022 **AED '000**	2021 AED '000
Current	**5,060**	3,934
Non - current	**2,999**	11,161
	8,059	15,095

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

7 Inventories

	2022 AED '000	2021 AED '000
Raw materials	**98,500**	53,004
Spare parts	**15,109**	13,407
Work in progress	**16,783**	7,847
Finished goods*	**-**	6,483
	130,392	80,741
Less: allowance for slow moving and obsolete inventories	**(12,836)**	(5,567)
	117,556	75,174

* Finished goods represent books produced for the Ministry of Education (MoE) delivered in January 2022.

Related cost of inventories is recorded in the consolidated statement of comprehensive income under direct costs (note 18).

The movement in the provision for slow-moving and obsolete inventories was as follows:

	2022 AED '000	2021 AED '000
At 1 January	**5,567**	5,321
Charge for the year (note 18)	**7,269**	246
	12,836	5,567

8 Trade and other receivables

	2022 AED '000	2021 AED '000
Trade receivables	**185,567**	144,454
Less: allowances for expected credit losses	**(49,448)**	(14,301)
	136,119	130,153
Advances to suppliers	**9,074**	12,188
Prepayments	**8,321**	7,664
Other receivables	**3,814**	5,437
	157,328	155,442

8 Trade and other receivables (continued)

The average credit period for trade receivables is 30-90 (2021: 30-90) days. No interest is charged on trade and other receivables.

At 31 December 2022, the ageing analysis of trade receivables and corresponding expected credit loss allowance is as follows:

	Total AED'000	**Not past due AED'000**	**Up to 3 months AED'000**	**Between 3 to 6 months AED'000**	**Over 6 months AED'000**
31 December 2022					
Gross trade receivables	**185,567**	**50,431**	**38,392**	**24,950**	**71,794**
ECL %		**0.18%**	**0.52%**	**0.81%**	**68.19%**
Excepted credit losses	**(49,448)**	**(90)**	**(198)**	**(201)**	**(48,959)**
	136,119	**50,341**	**38,194**	**24,749**	**22,835**
31 December 2021					
Gross trade receivables	144,454	60,000	21,161	14,515	48,778
ECL %		1%	5%	5%	24%
Excepted credit losses	(14,301)	(733)	(1,076)	(699)	(11,793)
	130,153	59,267	20,085	13,816	36,985

The movement in the allowance for expected credit losses during the year was as follows:

	2022 AED '000	2021 AED '000
At 1 January	**14,301**	15,205
Provision made during the year	**35,245**	-
Unused amount reversed	**-**	(521)
Receivables written off during the year as uncollectable	**(98)**	(383)
At 31 December	**49,448**	14,301

9 Cash and cash equivalents

	2022	2021
	AED '000	AED '000
Cash in hand	**278**	547
Cash at banks	**36,325**	46,442
Bank deposits – short term	**183,000**	122,600
At 31 December	**219,603**	169,589

Short term fixed deposits represent amounts deposited with a local bank for a maturity of less than 3 months and bearing average interest rate of 3.97% per annum (2021: 0.5% per annum).

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

10 Share capital

	2022	2021
	AED '000	AED '000
Authorized issued and fully paid	**282,960**	317,560
Number of shares	**943,200**	186,800

During 2022, the Company amended its memorandum of association and reduced the share capital value to AED 282,960 thousand and increased the number shares issued to 943,200 at the face value of AED 300 per share (31 December 2021: AED 317,560 thousand, number of issued shares 186,800 at the face value of AED 1,700 per share). The reduction in the share capital amounted to AED 34,600 thousand is adjusted against amount due from Abu Dhabi Media Company PJSC.

11 Statutory reserve

As required by the UAE Federal Decree Law No. (32) of 2021, certain portion of the profit for the year of the Company has been transferred to a statutory reserve. The Group may resolve to discontinue such transfers when the reserve totals 50% of the issued share capital. This reserve is not available for distribution.

12 Shareholder's contribution

Shareholder's contribution represents the non-interest-bearing contribution from the shareholders of the Company. Movement in Shareholder's contribution is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**76,109**	76,109
Adjusted with due from Abu Dhabi Media Company PJSC	**(76,109)**	-
Contribution from ADQ	**50,600**	-
At 31 December	**50,600**	76,109

13 Provision for employees' end of service benefit

	2022 AED '000	2021 AED '000
At 1 January	**25,342**	22,356
Charge for the year (note 21)	**3,728**	4,718
Payments during the year	**(2,799)**	(1,732)
At 31 December	**26,271**	25,342

14 Deferred revenues

	2022 AED '000	2021 AED '000
Deferred revenues	**47,846**	39,846

The movement for deferred revenue is as follows:

	2022 AED '000	2021 AED '000
At 1 January	**39,846**	33,833
Additions	**152,734**	98,487
Recognised during the year	**(144,734)**	(92,474)
At 31 December	**47,846**	39,846

Deferred revenue represents advances received from customers related to the printing of schoolbooks for the Ministry of education project which are expected to be recognised within next twelve months.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

15 Trade and other payables

	2022	2021
	AED '000	AED '000
Accrued expenses	**118,692**	174,431
Trade payables	**111,999**	96,540
Staff accruals and provisions	**13,174**	11,240
Advances from customers	**10,798**	4,643
Other payables	**3,010**	5,532
	257,673	292,386

The average credit period on purchases of goods and services is 90-120 days (2021: 90-120 days). The Group has risk management policies in place to ensure that all payables are paid within the credit time frame. No interest is charged on trade and other payables.

16 Related parties' balances and transactions

Related parties comprise the Ultimate Shareholder, the Parent Company, directors and key management personnel of the Group and entities controlled, joint arrangements or significantly influenced by such parties. The terms of these transactions are approved by the Group's management and are made on the terms agreed by the Board of Directors.

Terms and conditions of transactions with related parties

The sales to and services from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. An impairment assessment is undertaken each financial year through examining the financial position of the related party and the market in which related party operates.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

16 Related parties' balances and transactions (continued)

Balances with related parties reflected in the consolidated statement of financial position as of 31 December are as follows:

	2022 AED '000	2021 AED '000
Due from related parties:		
Entities under common ultimate shareholder's control		
Abu Dhabi Health Services Company PJSC (SEHA)	**1,626**	2,458
Massar Solutions PJSC	**1,104**	-
SEHA Healthcare Supplies Brokerage L.L.C	**101**	985
Al Foah Company L.L.C	**30**	33
Abu Dhabi Airports Company PJSC	**18**	18
Abu Dhabi Transmission & Despatch Company PJSC	**17**	17
Emirates Nuclear Energy Corporation	**2**	7
Al Ain Distribution Company PJSC	**-**	42
Abu Dhabi Media Company PJSC (note 10 & 12)	**-**	119,367
Others	**22**	-
	2,920	122,927

	2022 AED '000	2021 AED '000
Due to related parties:		
Entities under common control:		
National Health Insurance Company PJSC (Daman)	**4,908**	7,776
Abu Dhabi Ports Company PJSC	**1,624**	1,874
Massar Solutions PJSC	**1,053**	-
Contango Management Consultancy LLC	**158**	-
Al Ain Foods and Beverages PJSC	**17**	30
Abu Dhabi National Exhibition Center (ADNEC)	**-**	307
	7,760	9,987

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

16 Related parties' balances and transactions (continued)

Significant transactions with related parties during the year comprise:

	2022 **AED '000**	2021 AED '000
Sales of goods and merchandise	**30,507**	45,076
Purchases of goods and services	**15,548**	17,727
Board of Director's remuneration*	**600**	600
Compensation to key management personnel (short term)	**5,421**	5,579
No. of key management personnel	**5**	4

Movement of Board of Directors remuneration during the year was as follows:

	2022 **AED '000**	2021 AED '000
At 1 January	**1,282**	1,202
Charge for the year*	**600**	600
Paid during the year	**-**	(520)
At 31 December	**1,882**	1,282

17 Revenues from contract with customers

	2022 **AED '000**	2021 AED '000
Revenue recognised at a point in time:		
Cards printing	**265,267**	115,246
Commercial printing	**215,298**	146,759
Distribution revenue	**80,894**	72,984
Newspaper printing	**14,142**	12,807
Packaging revenue	**488**	-
	576,089	347,796

18 Direct costs

	2022 **AED '000**	2021 AED '000
Raw materials	**214,179**	121,725
Staff costs (note 21)	**72,438**	72,324
Outsourcing costs	**36,215**	20,960
Depreciation of property, plant and equipment (note 5)	**26,939**	27,959
Impairment loss on property plant and equipment (note 5)	**14,525**	40,386
Repairs and maintenance	**9,717**	11,418
Distribution cost	**8,230**	6,359
Provision for slow moving and obsolete inventories (note 7)	**7,269**	246
Depreciation on right of use assets (note 6)	**5,880**	4,786
Water and electricity	**5,620**	5,431
Insurance expense	**1,470**	1,415
Courier and postage	**1,248**	978
Others	**8,267**	4,170
	411,997	318,157

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

19 General and administrative expenses

	2022 AED '000	2021 AED '000
Staff costs (note 21)	**47,298**	46,209
Professional fees	**5,485**	3,026
Depreciation of property, plant and equipment (note 5)	**4,425**	2,828
Maintenance costs	**3,760**	4,731
Telephone, fax and internet	**1,456**	1,377
Amortisation of intangible asset	**269**	87
Printings and stationery	**200**	81
Travel and transportations	**42**	77
Insurance charges	**52**	63
Foreign currency exchange loss, net	**-**	2
Others	**1,522**	4,240
	64,509	62,721

20 Selling and marketing expenses

	2022 AED '000	2021 AED '000
Promotions and advertisements	**8,075**	4,381
Others	**-**	384
	8,075	4,765

21 Staff costs

	2022 AED '000	2021 AED '000
Salaries and wages	**97,881**	92,878
Other benefits	**16,590**	19,527
Provision for employees' end of service benefit (note 13)	**3,728**	4,718
Pension for UAE national employees	**1,537**	1,410
	119,736	118,533

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

22 Finance costs and finance income

	2022 AED '000	2021 AED '000
Finance cost		
Finance costs on lease liabilities (note 6)	**414**	496
Interest on loan for vehicles	**163**	122
	577	618
Finance income		
Interest received on fixed deposits	**1,712**	646
Foreign exchange gain	**1,094**	-
	2,806	646
Finance income - net	**2,229**	28

23 Other income

	2022 AED '000	2021 AED '000
Scrap sales	**5,434**	3,465
Rental income	**1,095**	1,095
Gain on disposal of property plant and equipment	**954**	-
Others	**1,979**	150
	9,462	4,710

24 Contingencies and commitments

	2022 AED '000	2021 AED '000
Letters of guarantees	**6,619**	5,234
Letters of credit	**18,552**	116,804
Capital commitments	**2,165**	47,625

25 Financial instruments

25.1 Fair value of financial assets and liabilities

The Group's management considers that the fair value of financial assets and financial liabilities approximates their carrying amounts.

25.2 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders. The Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Group's overall strategy remains unchanged from 2021.

25.3 Financial risk management

The Group is exposed to the following risks related to financial instruments - credit risk, liquidity risk and interest rate risk. Management actively monitors and manages the financial risks relating to the Group. The Group does not enter into or trade in financial instruments including derivative financial instruments for risk management purposes.

25.4 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

25 Financial instruments (continued)

25.5 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

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

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

Category	Description	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	Amount is >180-270 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	Amount is >270 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

25 Financial risk management (continued)

25.5 Credit risk (continued)

31 December 2022	Note	External credit ratings	Internal credit ratings	12 month or lifetime ECL	Gross carrying amount AED '000	Loss allowance AED '000	Net carrying amount AED '000
Due from related parties	**16**	**N/A**	**(i)**	**12-month ECL**	**2,920**	**-**	**2,920**
Trade receivables	**8**	**N/A**	**(ii)**	**12-month ECL**	**185,567**	**(49,448)**	**136,119**
Cash and bank balances	**9**	**A, A+, A-, AA-, BBB+**	**N/A**	**12-month ECL**	**219,603**	**-**	**219,603**
31 December 2021							
Due from related parties	16	N/A	(i)	12-month ECL	122,927	-	122,927
Trade receivables	8	N/A	(ii)	12-month ECL	144,454	(14,301)	130,153
Cash and bank balances	9	A, A+, A-, AA-, BBB+	N/A	12-month ECL	169,589	-	169,589

i. For due from related parties, the Group has applied the general approach in IFRS 9 to measure the loss allowance at lifetime ECL.

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

Notes to the consolidated financial statements
for the year ended 31 December 2022 (continued)

25 Financial risk management (continued)

25.6 Liquidity risk

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

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

	Less than 1 year AED '000	**More than 1 year AED '000**	**Total AED '000**
2022			
Trade and other payables	257,673	-	**257,673**
Due to related parties	7,760	-	**7,760**
Lease liabilities	5,060	2,999	**8,059**
	270,493	**2,999**	**273,492**
2021			
Trade and other payables	292,386	-	292,386
Due to related parties	9,987	-	9,987
Lease liabilities	3,934	11,161	15,095
	306,307	11,161	317,468

25.7 Interest risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the net interest income of the Company. However, the Group does not maintain interest bearing assets and liabilities that have a significant impact on its interest income and expense.

25.8 Foreign currency risk management

Currency risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group does not undertake transactions denominated in foreign currencies that have a significant impact on its interest income and expense.

26 Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

27 Reclassification

Certain comparative figures have been reclassified/regrouped, wherever necessary, as to conform to the presentation adopted in these consolidated financial statements. These reclassifications do not materially change the presentation of the consolidated financial statements.

28 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Owner and authorised for issue on 26 May 2023.