Foodco Holding PJSC

Consolidated financial statements

31 December 2021

Registered address and principal place of business:
P.O. Box: 2378
Abu Dhabi
United Arab Emirates

Foodco Holding PJSC

Consolidated financial statements

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Foodco Holding PJSC

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2021

The Directors have pleasure in submitting their report and the audited consolidated financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the Company and its subsidiaries (together, the "Group") is primarily the import and distribution of foodstuff and household items in the United Arab Emirates, along with investing, development and management of real estate and commercial enterprises. The objectives of the Group include investment in or establishment of companies in the same line of business and investment in or establishment of factories in the processing or canning of foodstuff as well as engagement in all operations and investments in and outside the United Arab Emirates.

Financial results

The results of the Group for the year are set out on page 7 of the consolidated financial statements.

Going concern basis

The Board of Directors has reasonable expectation that the Group has adequate resources and support to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

Transactions with related parties

The consolidated financial statements disclose related parties transactions and balances in note 26. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations.

Auditors of the Company

KPMG Lower Gulf Limited were appointed as external auditors for the Group for the year ended 31 December 2021. KPMG Lower Gulf Limited have expressed their willingness to continue in office. A shareholder resolution for the reappointment of KPMG Lower Gulf Limited is proposed and to absolve them of their responsibility for the year ended 31 December 2021.

For and on behalf of Board of Directors

Chairman of the Board

KPMG Lower Gulf Limited
Level 19, Nation Tower 2
Corniche Road, P.O. Box 7613
Abu Dhabi, United Arab Emirates
Tel. +971 (2) 401 4800, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Foodco Holding PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Foodco Holding PJSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Valuation of investment properties

See note 3(d), 11 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The valuation of investment properties is determined through the application of valuation techniques which often involve the exercise of judgement and the use of certain assumptions and estimates. Due to the significance of investment properties and the related estimation uncertainty, this is considered as a key audit matter. The investment properties are stated at fair value and have been derived using discounted cashflows model prepared internally by management as of 31 December 2021. The valuations are dependent on certain key estimates which require significant judgments including market rent, future rental income, operating costs, occupancy rate and terminal yield rates.	Our audit procedures included: • Obtaining and testing the design and implementation of internal controls over valuation of investment properties process; • obtaining the internal valuation model / working (DCF) for all properties and confirming that the valuation approach is in accordance with IFRS 13; • involving our valuation specialist in testing internal valuation model (DCF) for the properties and challenging assumptions for the key estimates of market rent, future rental income, operating costs, occupancy rate and terminal yield rates used in the valuation by comparing them against available industry data; • performing procedures to test whether property specific standing data supplied by management is adequate and reliable by comparing it to the underlying supporting information; • performing sensitivity analyses on the significant assumptions to evaluate the extent of changes in the key assumptions to the conclusions reached by management; and • evaluating the adequacy of the disclosure in the consolidated financial statements.

Determination and recognition of Equity-accounted investee

See note 3(p), 14 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has investments in Al Waha Capital PJSC ('Investee') which were partially classified as investments measured at fair value through profit or loss and partially classified as investments measured at fair value through other comprehensive income at 1 January 2021.	Our audit procedures included: • Evaluating whether the Group exercises significant influence pursuant to confirmations received from two shareholders of the investee and whether the investment meets the criteria for recognition as investment in associate based on the requirement of IAS 28;

Key Audit Matters (continued)

Determination and recognition of Equity-accounted investee

See note 3(p), 14 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As of that date, the Group received confirmation from two shareholders of the Investee who own 8.6% and 4%, respectively, stating that they have assigned their voting rights in favour of the Group and will represent the Group's interest in the Board of the Investee. This assignment resulted in the Group having meaningful representation in the Board of Directors of the investee. Accordingly, the Investee is accounted as an associate from 1 January 2021. Since the recognition of investment in associate involves judgement regarding the evaluation of significant influence and determining the fair value of identifiable net assets of investee and resulting gain or loss on initial recognition, we have considered it as a key audit matter.	• Involving our own valuation specialists to support us in challenging the valuations produced by the Group and the methodology used to determine the fair value of identifiable net assets on sample basis, in particular, the methodologies adopted and key assumptions used in valuing the level 3 investments supported by income and market approach. • Ensure that adequate disclosures have been made for investment in associate.

Other matter

The financial statements of the Group as at and for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 16 March 2021.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended) we report that for the year ended 31 December 2021:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);

iii) the Group has maintained proper books of account;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 12 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2021;

vi) note 26 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted;

vii) 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 2021 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 (as amended) or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2021; and

viii) note 6 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2021.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Abu Dhabi, United Arab Emirates
Date: 24 MAR 2022

Foodco Holding PJSC

Consolidated statement of profit or loss

For the year ended 31 December 2021

	Note	**2021 AED**	2020 AED
Revenue from contracts with customers	4 (a)	**39,115,461**	62,847,721
Income from investment properties	4 (b)	**32,868,695**	34,912,024
Net income from investments	4 (c)	**51,514,770**	104,569,008
		123,498,926	202,328,753
Direct costs		**(37,747,145)**	(65,473,157)
Selling and distribution expenses	5	**(17,251,267)**	(17,705,010)
General and administrative expenses	6	**(26,558,731)**	(28,395,367)
Impairment loss on other asset	13	**(5,949,510)**	-
Impairment loss on trade receivables	16	**(284,475)**	(5,711,458)
Decrease in fair value of investment properties	11	**(16,778,013)**	(6,000,000)
Share of results of associate	14	**108,395,276**	-
Other income		**4,369,384**	1,203,134
Operating profit		**131,694,445**	80,246,895
Finance costs		**(15,752,445)**	(24,376,434)
Profit for the year		**115,942,000**	55,870,461
Attributable to:			
Equity holders of the company		**116,378,013**	56,189,217
Non-controlling interests		**(436,013)**	(318,756)
		115,942,000	55,870,461
Basic and diluted earnings per share attributable to equity holders of the Company	27	**0.97**	0.47

The attached notes 1 to 33 form part of these consolidated financial statements.

The independent auditor's report is set out on pages 2 to 6.

Foodco Holding PJSC

Consolidated statement of comprehensive income
For the year ended 31 December 2021

		2021 AED	2020 AED
Profit for the year		**115,942,000**	55,870,461
Other comprehensive (loss) / income			
Items that will not be subsequently reclassified to the consolidated statement of profit or loss			
Net changes in fair value of investments held at FVTOCI	*12*	**(5,473,566)**	16,207,668
Associate – share of other comprehensive loss	*14*	**(25,090)**	-
Other comprehensive (loss) / income for the year		**(5,498,656)**	16,207,668
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**110,443,344**	72,078,129
s			
Attributable to:			
Equity holders of the Company		**110,879,357**	72,392,249
Non-controlling interests		**(436,013)**	(314,120)
		110,443,344	72,078,129

The attached notes 1 to 33 form part of these consolidated financial statements.

The independent auditor's report is set out on pages 2 to 6.

Foodco Holding PJSC

Consolidated statement of financial position
As at 31 December 2021

	Notes	***2021 AED***	*2020 AED*
Assets			
Non-current assets			
Property and equipment	*7*	**60,351,897**	63,611,726
Intangible assets	*8*	**787,850**	1,496,977
Right-of-use assets	*9*	**8,154,987**	12,780,173
Investment properties under development	*10*	**-**	5,518,050
Investment properties	*11*	**242,012,006**	258,714,106
Equity-accounted investee	*14*	**292,931,271**	-
Investments held at fair value through other comprehensive income (“FVTOCI”)	*12*	**19,738,327**	163,068,927
Other asset	*13*	**-**	5,949,510
Total non-current assets		**623,976,338**	511,139,469
Current assets			
Inventories	*15*	**26,427,210**	39,186,104
Investments held at fair value through profit or loss (“FVTPL”)	*12*	**273,630,705**	334,186,853
Trade and other receivables	*16*	**10,791,313**	28,497,070
Prepayment		**1,807,306**	1,166,567
Amounts due from related parties	*26*	**1,243,983**	1,302,780
Cash and cash equivalents	*17*	**20,017,138**	5,293,243
Total current assets		**333,917,655**	409,632,617
Total assets		**957,893,993**	920,772,086
Equity			
Share capital	*18*	**120,000,000**	120,000,000
Legal reserve	*19*	**60,000,000**	60,000,000
Regulatory reserve	*20*	**60,000,000**	60,000,000
Fair value reserve		**(38,085,835)**	(114,529,085)
Retained earnings		**305,790,338**	269,518,444
Equity attributable to Owners of the Company		**507,704,503**	394,989,359
Non-controlling interests	*21*	**5,587,848**	3,481,541
Total equity		**513,292,351**	398,470,900

(Continued..)

	Notes	2021 AED	2020 AED
Liabilities			
Non-current liabilities			
Provision for employees' end of service benefits	*22*	**3,714,125**	3,995,667
Lease liabilities	*23*	**7,662,745**	6,480,312
Loans and borrowings	*24*	**153,945,147**	88,237,280
Total non-current liabilities		**165,322,017**	98,713,259
Current liabilities			
Lease liabilities	*23*	**687,273**	8,837,771
Loans and borrowings	*24*	**199,770,454**	342,761,518
Trade and other payables	*25*	**78,162,934**	69,539,419
Amounts due to related parties	*26*	**658,964**	2,449,219
Total current liabilities		**279,279,625**	423,587,927
Total liabilities		**444,601,642**	522,301,186
Total equity and liabilities		**957,893,993**	920,772,086

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and cash flows of the Group as of, and for, the year ended 31 December 2021.

These consolidated financial statements of the Group for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 22 March 2022 and signed on their behalf by:

Ahmed Ali Khalfan Al Dhaheri
Chairman

Rashed Darwaish Ahmed Saif AlKetbi
Vice Chairman

Mohammed Hafez
Chief Financial Officer

The notes set out on pages 1 to 33 form an integral part of these consolidated financial statements.

The independent auditor's report is set out on pages 2 to 6.

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Foodco Holding PJSC

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Share capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity attributable to Owners of the Company AED	Non-controlling interests ("NCI") AED	Total AED
At 1 January 2020	120,000,000	60,000,000	60,000,000	(130,732,117)	213,329,227	322,597,110	3,795,661	326,392,771
Total comprehensive (loss) / income for the year								
Profit / (loss) for the year	-	-	-	-	56,189,217	56,189,217	(318,756)	55,870,461
Other comprehensive income	-	-	-	16,203,032	-	16,203,032	4,636	16,207,668
Total comprehensive (loss) / income for the period	**-**	**-**	**-**	**16,203,032**	**56,189,217**	**72,392,249**	**(314,120)**	**72,078,129**
At 31 December 2020	**120,000,000**	**60,000,000**	**60,000,000**	**(114,529,085)**	**269,518,444**	**394,989,359**	**3,481,541**	**398,470,900**
At 1 January 2021	**120,000,000**	**60,000,000**	**60,000,000**	**(114,529,085)**	**269,518,444**	**394,989,359**	**3,481,541**	**398,470,900**
Total comprehensive income / (loss) for the year								
Profit / (loss) for the year	-	-	-	-	116,378,013	116,378,013	(436,013)	115,942,000
Other comprehensive loss	-	-	-	(5,498,656)	-	(5,498,656)	-	(5,498,656)
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**(5,498,656)**	**116,378,013**	**110,879,357**	**(436,013)**	**110,443,344**
Transfer to retained earnings	-	-	-	81,941,906	(81,941,906)	-	-	-
Changes in ownership interests								
Change in NCI without a loss of control	**-**	**-**	**-**	**-**	**1,835,787**	**1,835,787**	**2,542,320**	**4,378,107**
At 31 December 2021	**120,000,000**	**60,000,000**	**60,000,000**	**(38,085,835)**	**305,790,338**	**507,704,503**	**5,587,848**	**513,292,351**

The attached notes 1 to 33 form part of these consolidated financial statements.

Foodco Holding PJSC

Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	2021 AED	2020 AED
Cash flows from operating activities			
Profit for the year		**115,942,000**	55,870,461
Adjustments for:			
Depreciation on property and equipment	*7*	**4,158,240**	4,146,419
Amortisation of intangible assets	*8*	**709,127**	701,025
Depreciation on right-of-use assets	*9*	**843,438**	7,272,184
Gain on disposal of property and equipment		**-**	(29,880)
(Gain) / loss on sale of investments carried at FVTPL	*4(c)*	**(41,851,060)**	51,757
Net changes in fair value of investments carried at FVTPL	*4(c)*	**(4,999,622)**	(95,335,726)
Provision for employees' end of service benefits	*22*	**554,353**	482,849
Dividend income	*4(c)*	**(4,664,088)**	(9,285,039)
Provision for expected credit losses on trade and other receivables, net	*16*	**284,475**	3,291,458
Provision for expected credit losses on other receivables	*16*	**-**	2,420,000
Provision for slow moving inventories	*15*	**300,000**	951,356
Decrease in fair value of investment properties	*11*	**16,778,013**	6,000,000
Finance costs		**15,752,445**	24,376,434
Gain on derecognition of right-of-use assets and lease liability		**(2,538,880)**	-
Loss on disposal of investment properties under development		**584,000**	-
Loss on impairment of other asset	*13*	**5,949,510**	-
Share of results of associate	*14*	**(108,395,276)**	-
		(593,325)	913,298
Changes in:			
Inventories		**12,458,894**	(23,708,226)
Trade and other receivables and prepayment		**16,780,543**	133,270,977
Amounts due from related parties		**58,797**	9,548
Amounts due to related parties		**(1,790,255)**	1,155,118
Trade and other payables		**8,976,510**	(28,678,587)
		35,891,164	82,962,128
Dividends received		**4,664,088**	9,271,911
Dividends received from associate	*14*	**9,711,157**	-
Employees' end of service benefits paid	*22*	**(835,895)**	(1,260,260)
Purchase of investments	*12*	**(80,206,925)**	(87,078,773)
Proceeds from disposal of investments		**131,198,547**	135,126,478
Net cash flows generated from operating activities		**100,422,136**	139,021,484
Cash flows from investing activities			
Purchase of property and equipment	*7*	**(898,411)**	(2,311,491)
Purchase of intangible assets	*8*	**-**	(69,100)
Proceeds from disposal of property and equipment		**-**	53,063
Additions to investment properties under development	*10*	**(75,913)**	(1,045,653)
Proceeds from disposal of investment properties under development	*10*	**4,934,050**	-
Net cash flows generated from / (used in) investing activities		**3,959,726**	(3,373,181)
Cash flows from financing activities			
Proceeds from bank borrowings		**148,211,715**	282,356,130
Repayment of bank borrowings		**(110,887,615)**	(382,064,571)
Proceeds from changes in NCI		**4,378,107**	-
Payment of lease liabilities	*23*	**(1,169,914)**	(5,835,031)
Finance costs paid	*24*	**(15,582,963)**	(22,900,865)
Net cash flows generated from / (used in) financing activities		**24,949,330**	(128,444,337)
Net increase in cash and cash equivalents		**129,331,192**	7,203,966
Cash and cash equivalents at 1 January		**(195,614,198)**	(202,818,164)
Cash and cash equivalents at 31 December	*17*	**(66,283,006)**	(195,614,198)

The attached notes 1 to 33 form part of these consolidated financial statements.

1 Legal status and principal activities

Foodco Holding PJSC (the "Company") is a public shareholding company incorporated in Abu Dhabi, United Arab Emirates. The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange.

The Company and its subsidiaries (collectively referred to as the "Group") are primarily engaged in the import and distribution of foodstuff and household items in the United Arab Emirates, along with investing, development and management of real estate and commercial enterprises. The objectives of the Company and its subsidiaries include investment in or establishment of companies in the same line of business and investment in or establishment of factories in the processing or canning of foodstuff as well as engagement in all operations and investments in and outside the United Arab Emirates.

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on **22 March 2022.**

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and applicable requirements of the UAE Federal Law No. (2) of 2015 (as amended).

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 was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the following items measured at fair value:

- financial instruments at fair value through profit or loss and other comprehensive income
- investment properties

(c) Functional and presentation currency

The consolidated financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional and presentation currency of the Group.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised in any future periods affected.

2 Basis of preparation *(continued)*

(d) Use of estimates and judgements (continued)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in note 32.

(e) Basis of consolidation

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, as of 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

2 Basis of preparation *(continued)*

(e) Basis of consolidation *(continued)*

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

The consolidated financial statements comprise the financial statements of the Company and those of its following subsidiaries:

Name of subsidiary	Country of incorporation	Percentage of ownership		Principal activities
		2021	**2020**	
Subsidiaries directly under the Company				
National Oasis Foodstuff Company LLC	UAE	100%	100%	Packing of foodstuff
FOODCO National Foodstuff PJSC	UAE	97.79%*	98.75%	Catering services and restaurant business
Abu Dhabi National Catering LLC	UAE	100%	100%	Catering services and wholesale of foodstuff
Dana Plaza Real-Estate LLC	UAE	100%	100%	Investing, development and management of real estate and commercial enterprises
NURANA Properties WLL	Bahrain	100%	-	Investing, development and management of real estate and commercial enterprises

2 Basis of preparation *(continued)*

(e) Basis of consolidation *(continued)*

Subsidiary of FOODCO National Foodstuff PJSC

Name of subsidiary	**Country of Incorporation**	**Percentage of ownership 2021**	**2020**	
Abu Dhabi National Foodstuff Co LLC	UAE	100%	100%	Wholesale and distribution of foodstuff
5PL Logistics LLC	UAE	100%	100%	Shipment, clearance and warehousing services

* Included in the 97.79% shareholding of the Group in FOODCO National Foodstuff PJSC, 1.25% shares which amount to 3,500,000 shares that are hold under "Liquidity Provision Agreement" in reference to "ADX Liquidity Provider Regulations" by a third-party licensed Market Maker.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except if mentioned otherwise.

(a) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/service	***Nature and timing of satisfaction of performance obligations, including significant payment terms***	***Revenue recognition policies***
Sale of goods	Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days.	Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

3 Significant accounting policies *(continued)*

(a) Revenue recognition (continued)

Type of product/service	***Nature and timing of satisfaction of performance obligations, including significant payment terms***	***Revenue recognition policies***
Freight forwarding and storage	Invoices for freight forwarding and storage are issued on a monthly basis and are usually payable within 30 days.	Revenue arising from freight forwarding and storage services is accounted for on the basis of the number of the days services are provided, and the Group recognises revenue over time, as the services are rendered.

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

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

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

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

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

3 Significant accounting policies *(continued)*

(a) Revenue recognition *(continued)*

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. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

(b) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i). Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term as follows:

Land	4 to 30 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to summary of significant accounting policies for impairment of non-financial assets section.

ii). Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual

3 Significant accounting policies *(continued)*

(b) Leases *(continued)*

ii). Lease liabilities *(continued)*

value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii). Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below USD 5,000, when new). Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of ‘income from investment properties’.

3 Significant accounting policies *(continued)*

(c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is not depreciated.

Cost includes expenditures that are directly attributable to the acquisition of the assets including installation costs. The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation
Items of property and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset.

Land is not depreciated. The estimated useful lives for the current and comparative years of other significant items of property and equipment are as follows:

	Years
Warehouse and office buildings	25
Equipment, furniture and fittings	10 to 20
Motor vehicles	4

The gain or loss arising on the disposal or retirement of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the property and equipment and is recognised in the consolidated statement of profit or loss in the year when the property and equipment is sold or retired.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3 Significant accounting policies *(continued)*

(c) Property and equipment (continued)

Capital work-in-progress and intangibles under development
Capital work-in-progress and intangibles under development are recorded at cost. Allocated costs directly attributable to the construction of the asset are capitalised. The capital work-in-progress and intangibles under development are transferred to the appropriate asset category and depreciated or amortised in accordance with the Group's policies when construction of the asset is completed, and the asset is commissioned.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

(d) Investment properties

Initial recognition and measurement
Investment properties are measured initially at cost, including transaction costs.

Subsequent measurement
Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the period in which they arise. Fair values are determined based on an annual valuation performed by management applying an in-house valuation model.

Derecognition
Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their withdrawal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfer
Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3 Significant accounting policies *(continued)*

(d) Investment properties *(continued)*

Investment properties under development
Investment properties under development that are being constructed or developed for future use as investment properties are measured initially at cost including all direct costs attributable to the design and construction of the properties including related staff direct costs. Subsequent to initial recognition, investment properties under development are measured at fair value. Gains and losses arising from changes in the fair value of investment properties under development are included in the consolidated statement of comprehensive income in the period in which they arise. Upon completion of construction or development, such properties are transferred to completed investment properties.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing them to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

(f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations cover a period to the end of useful life of the assets.

3 Significant accounting policies *(continued)*

(f) Impairment of non-financial assets (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets' or cash-generating units' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

(g) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3 Significant accounting policies *(continued)*

(g) ***Financial instruments*** *(continued)*

(ii) ***Classification and subsequent measurement*** *(continued)*

Financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies *(continued)*

(g) Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3 Significant accounting policies *(continued)*

(g) ***Financial instruments*** *(continued)*

(ii) ***Classification and subsequent measurement*** *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group's financial liabilities comprise trade and other payables, accrued expenses and other current liabilities, due to a related party, term loans, lease liability and other non-current liability, which are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis except, for short-term liabilities when the recognition of interest would be immaterial.

(iii) ***Derecognition***

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) ***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies *(continued)*

(h) Impairment of financial assets

Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly based on significant judgement. Specific factors management considers include the age of balance, background of the customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of the counterparty.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies *(continued)*

(h) Impairment of financial assets *(continued)*

Non-derivative financial assets *(continued)*

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances net of bank overdrafts and term deposits with a maturity of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

(j) Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

A contingent liability is disclosed if there is a possible obligation depending on whether some uncertain future event occurs or a present obligation but payment is not probable or the amount cannot be measured reliably.

3 Significant accounting policies *(continued)*

(k) Employees' end of service benefits

Defined benefit plan
The Group currently operates a defined benefit plan for post-employment benefit. This an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' basic salaries at the end of their employment contract. The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Defined contribution plan
With respect to its UAE national employees, the Group makes contributions to the relevant government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

An actuarial valuation is not performed on staff terminal and other benefits as the net impact of the discount rate and future salary and benefits level on the present value of the benefits obligation are not expected by management to be significant.

(l) Taxes

Value added tax ("VAT")
Expenses and assets are recognised net of the amount of VAT, except:

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

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

(m) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(n) Fair value measurement

The Group measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each statement of consolidated financial position date.

3 Significant accounting policies *(continued)*

(n) Fair value measurement (continued)

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

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

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

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

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

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

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

(o) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

3 Significant accounting policies *(continued)*

(p) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associate.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(q) Finance costs

The Group's finance costs include interest expenses and the foreign currency gain or loss on financial assets and financial liabilities. Interest expense is recognised using the effective interest (EIR) method. In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

(r) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The following useful lives have been determined for acquired intangible assets:

Intangible asset	3 years

Intangible assets with finite live are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

3 Significant accounting policies *(continued)*

(r) Intangible assets (continued)

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

(q) New standards or amendments for 2021 and forthcoming requirements

New currently effective standards

A number of new standards are effective from 1 January 2021, but they do not have a material effect on the financial statements:

New standard or amendments
COVID-19-Related Rent Concessions (Amendment to IFRS 16)
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Forthcoming requirements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these financial statements. Management anticipates that the application of the following standards does not have a material impact on the Group's consolidated financial statements in the period of initial application.

New standard or amendments	***Effective date***
Amendment to IFRS 16 - COVID-19-Related Rent Concessions beyond 30 June 2021	*1 April 2021*
Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use	*1 January 2022*
Amendments to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract	*1 January 2022*
Amendments to IFRS 3 - Reference to Conceptual Framework	*1 January 2022*
Annual Improvements to IFRS Standards 2018–2020	*1 January 2022*
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	*1 January 2023*
Amendments to IAS 8 - Definition of Accounting Estimates	*1 January 2023*
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	*1 January 2023*
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	*1 January 2023*
IFRS 17 – Insurance Contracts and amendments to IFRS 17 Insurance Contracts	*1 January 2023*
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Effective date deferred indefinitely*

4 Revenue

a) Revenue from contracts with customers

	2021 AED	2020 AED
Sale of goods	**33,944,220**	58,901,070
Freight forwarding and storage	**5,171,241**	3,946,651
	39,115,461	62,847,721

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

	2021 AED	2020 AED
Geographical markets		
United Arab Emirates ("UAE")	**39,115,461**	62,847,721

	2021 AED	2020 AED
Timing of revenue recognition		
Revenue recognised over time	**5,171,241**	3,946,651
Revenue recognised at point in time	**33,944,220**	58,901,070
	39,115,461	62,847,721

4 Revenue

b) Income from investment properties

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Set out below is the disaggregation of the Group's income from investment properties:

	2021 AED	2020 AED
Rental income *(note 11)*	**32,868,695**	34,912,024

c) Net income from investments

	2021 AED	2020 AED
Dividend income	**4,664,088**	9,285,039
Net realised income / (loss) from financial instruments at FVTPL	**41,851,060**	(51,757)
Net unrealised income from financial instruments at FVTPL *(note 12)*	**4,999,622**	95,335,726
	51,514,770	104,569,008

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and the consideration received on disposal.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

5 Selling and distribution expenses

	2021 AED	2020 AED
Staff costs	**9,248,076**	10,569,207
Travelling expenses	**683,698**	748,009
Promotional expenses	**1,494,563**	464,920
Depreciation *(note 7)*	**3,210,197**	2,775,239
Depreciation on right-of-use assets *(note 9)*	**238,460**	441,471
Tender expenses	**61,338**	166,863
Marketing department expenses	**235,599**	996,086
Other expenses	**2,079,336**	1,543,215
	17,251,267	17,705,010

6 General and administrative expenses

	2021 AED	2020 AED
Staff costs	**9,316,256**	9,047,714
Directors remuneration	**-**	8,780,988
Utilities expenses	**2,331,792**	2,146,651
Travelling expenses	**491,175**	378,975
Depreciation expenses *(note 7)*	**948,043**	1,070,029
Amortisation expenses *(note 8)*	**709,127**	701,025
Repair and maintenance expenses	**2,616,803**	1,317,586
Legal and professional fees	**2,829,779**	2,413,761
Loss on disposal of property and equipment	**-**	(29,880)
Licenses and registration expenses	**114,397**	89,835
Investment consultancy expense *(note 26)*	**5,916,860**	-
Other expenses	**1,284,499**	2,478,683
	26,558,731	28,395,367

The Group has not made any social contributions during the year ended 31 December 2021 *(2020: Nil)*.

7 Property and equipment

	Warehouse buildings AED	Equipment furniture and fittings AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost					
At 1 January 2020	16,953,592	27,615,639	8,095,020	1,187,204	53,851,455
Additions	-	604,063	762,500	944,928	2,311,491
Transfer from investment properties* *(note 11)*	59,500,000	-	-	-	59,500,000
Transfer from CWIP	-	1,635,982	-	(1,635,982)	-
Disposals	-	(40,140)	(156,200)	-	(196,340)
At 31 December 2020	76,453,592	29,815,544	8,701,320	496,150	115,466,606
At 1 January 2021	76,453,592	29,815,544	8,701,320	496,150	115,466,606
Additions	-	350,764	85,800	461,847	898,411
At 31 December 2021	**76,453,592**	**30,166,308**	**8,787,120**	**957,997**	**116,365,017**
Accumulated depreciation					-
At 1 January 2020	16,190,686	24,210,985	7,479,947	-	47,881,618
Charge for the year	1,765,838	1,837,179	543,402	-	4,146,419
Relating to disposals	-	(16,987)	(156,170)	-	(173,157)
At 31 December 2020	17,956,524	26,031,177	7,867,179	-	51,854,880
At 1 January 2021	17,956,524	26,031,177	7,867,179	-	51,854,880
Charge for the year	2,526,643	1,293,178	338,419	-	4,158,240
At 31 December 2021	20,483,167	27,324,355	8,205,598	-	56,013,120
Net carrying amounts					
At 31 December 2021	**55,970,425**	**2,841,953**	**581,522**	**957,997**	**60,351,897**
At 31 December 2020	**58,497,068**	**3,784,367**	**834,141**	**496,150**	**63,611,726**

The depreciation charge for the period has been allocated as follows:

	2021 AED	2020 AED
Selling and distribution expenses (note 5)	**3,210,197**	2,775,239
General and administrative expenses (note 6)	**948,043**	1,070,029
Direct costs	**-**	301,151
	4,158,240	4,146,419

* During the year ended 31 December 2020, the Group's management resolved to transfer properties amounting to AED 59,500,000 from investment properties to property and equipment due to the evidenced change of their use. The value recorded was based on the fair value of the properties as of the date of transfer.

7 Property and equipment *(continued)*

Included under warehouse and office buildings, is a warehouse in Dubai constructed in 2000 on a plot of land leased from Dubai Municipality for a renewable period of 5 years with effect from 1 February 1999. Since 2004, the lease agreement is being renewed on a yearly basis.

Included under equipment, furniture and fittings, is the office complex which was completed in August 2001 on the aforesaid leased land in Mina Zayed Port in Abu Dhabi.

8 Intangible assets

	2021 AED	2020 AED
Cost		
At 1 January	**2,376,407**	365,150
Transfer from intangible assets under development	**-**	1,942,157
Additions	**-**	69,100
At 31 December	**2,376,407**	2,376,407
Accumulated amortisation		
At 1 January	**879,430**	178,405
Charge for the year	**709,127**	701,025
At 31 December	**1,588,557**	879,430
Net carrying amount:		
At 31 December	**787,850**	1,496,977

Intangible assets mainly comprise of software.

9 Right-of-use assets

	2021 AED	2020 AED
At 1 January	**12,780,173**	23,059,114
Addition during the year	**2,419,873**	-
Lease terminated during the year	**(6,352,607)**	-
Depreciation expense for the year	**(843,438)**	(7,272,184)
Modification of lease	**150,986**	(3,006,757)
	8,154,987	12,780,173

The depreciation charge for the year has been allocated as follows:

	2021 AED	2020 AED
Direct costs	**604,978**	6,830,713
Selling and distribution expenses *(note 5)*	**238,460**	441,471
	843,438	7,272,184

10 Investment properties under development

	2021 AED	2020 AED
At 1 January	**5,518,050**	22,525,635
Costs incurred during the year	**75,913**	1,045,653
Capitalised during the year *(note 11)*	**(75,913)**	(18,053,238)
Disposal*	**(5,518,050)**	-
	-	5,518,050

Group has disposed investment property under development with a carrying amount of AED 5.5 million during the year for a sale amounting to AED 4.9 million. Fair value measurement hierarchy for investment properties under development as follows:

	Date of valuation	*Total AED*	*Level 1 AED*	*Level 2 AED*	*Level 3 AED*
2021					
Residential & commercial properties	**31 December 2021**	-	-	-	-
2020					
Residential & commercial properties	**31 December 2020**	**5,518,050**	-	-	**5,518,050**

	Fair value 2021 AED	*Fair value 2020 AED*	*Valuation techniques*	*Key unobservable Input*	***Range/ average 2021***	*Range/ Average 2020*
Investment properties Level 3	-	**5,518,050**	Discounted cashflow	Unit sales price	NA	50% advance payment of total cost

11 Investment properties

	2021 AED	2020 AED
Warehouses	**16,060,868**	24,060,868
Building - commercial and residential	**225,951,138**	234,653,238
	242,012,006	258,714,106

The movements in the investment properties during the year were as follows:

	2021 AED	2020 AED
At 1 January	**258,714,106**	306,160,868
Transfer from investment properties under development *(note 10)*	**75,913**	18,053,238
Transfer to Property and equipment *(note 7)*	**-**	(59,500,000)
Decrease in fair value of investment properties	**(16,778,013)**	(6,000,000)
	242,012,006	258,714,106

11 Investment properties *(continued)*

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used as below.

Valuation techniques	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
<u>2021:</u> Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from investment properties, taking into account the expected rental, occupancy rate and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location and lease terms. <u>2020:</u> Investment method	– **<u>Net rent per Square feet:</u>** **2021: AED 30 to AED 80** 2020: AED 27 to AED 200 – **<u>Occupancy rate:</u>** **2021: 85% to 97%** 2020: 88% to 90% – **<u>Risk-adjusted discount rate:</u>** **2021: 9.06% to 9.56%** 2020: 7.0% to 7.5%.	The estimated fair value would increase (decrease) if: – expected net rent per Square feet higher (lower); – the occupancy rates were higher (lower); – the risk-adjusted discount rates were lower (higher).

Investment property comprises a number of commercial and residential properties that are leased to third parties. Each of the leases generally contains an initial lease period of 1 year. Subsequent renewals are negotiated with the lessee every year.

Changes in fair values are recognised as gains / losses in profit or loss which are included in statement of profit or loss as increase / decrease in fair value of investment properties. All gains / losses are unrealised. The fair value of Group's investment properties as at 31 December 2021 has been arrived by using discounted cash flow model prepared internally by the management as of 31 December 2021.

The fair value of Group's investment properties as at 31 December 2020 has been determined based on valuations performed during January 2020 by an accredited independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of investment properties as well as an internal valuation carried out by the Group's management as at 31 December 2020. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

11 Investment properties *(continued)*

Investment properties amounting to AED 225,951,138 *(2020: AED 221,600,030)* are pledged against loans and borrowings *(note 24)* obtained by the Group to finance the construction of the properties. Amounts recognised in statement of profit or loss during the year are as below.:

	2021 **AED**	2020 AED
Rental income *(note 4)*	**32,868,695**	34,912,024
Loss due to change in fair value *(note 4)*	**16,778,013**	6,000,000

12 Investments

	2021 **AED**	2020 AED
Investments held at fair value through other comprehensive income	**19,738,327**	163,068,927
Investments held at fair value through profit and loss	**273,630,705**	334,186,853
	293,369,032	497,255,780

Investments carried at fair value through other comprehensive income comprise:

	2021 **AED**	2020 AED
Quoted equity securities inside UAE	**14,171,747**	152,297,176
Quoted equity securities outside UAE	**3,374,161**	5,980,224
Unquoted equity securities inside UAE	**463,935**	573,489
Unquoted equity securities outside UAE	**1,728,484**	4,218,038
	19,738,327	163,068,927

Investments carried at fair value through profit and loss comprise:

	2021 **AED**	2020 AED
Quoted equity securities inside UAE	**266,494,366**	326,102,735
Investments in mutual funds	**421,005**	-
Quoted commodities	**4,856,627**	2,680,273
Quoted equity securities outside UAE	**1,858,707**	5,403,845
	273,630,705	334,186,853

Investment with carrying value of AED 1.37 million is held by Chairman beneficially on behalf of the Group.

12 Investments *(continued)*

The movement in the investments is as follows:

	FVTPL 2021 AED	**FVOCI 2021 AED**	FVTPL 2020 AED	FVOCI 2020 AED
At 1 January	**334,186,853**	**163,068,927**	288,307,385	145,504,463
Purchase of Investments	**74,337,971**	**5,868,954**	85,721,977	1,356,796
Disposal of Investments	**(78,743,497)**	**(10,603,990)**	(135,178,235)	-
	329,781,327	**158,333,891**	238,851,127	146,861,259
Change in fair value	**4,999,622**	**(5,473,566)**	95,335,726	16,207,668
Transfer to equity accounted investment	**(61,150,244)**	**(133,121,998)**	-	-
At 31 December	**273,630,705**	**19,738,327**	334,186,853	163,068,927

The following table shows the fair value analysis of investments measured at fair value by level of the fair value hierarchy:

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
31 December 2021				
Investments at fair value through profit and loss				
Quoted shares	273,209,700	-	-	273,209,700
Mutual funds	421,005	-	-	421,005
	273,630,705	**-**	**-**	**273,630,705**
Investments at fair value through other comprehensive income				
Quoted shares	17,545,908	-	-	17,545,908
Unquoted shares	-	-	2,192,419	2,192,419
	17,545,908	**-**	**2,192,419**	**19,738,327**
Total	**291,176,613**	**-**	**2,192,419**	**293,369,032**
				-
31 December 2020				
Investments at fair value through profit and loss				
Quoted shares	334,186,853	-	-	334,186,853
	334,186,853	-	-	334,186,853
Investments at fair value through other comprehensive income				
Quoted shares	158,277,400	-	-	158,277,400
Unquoted shares	-	-	4,791,527	4,791,527
	158,277,400	-	4,791,527	163,068,927
Total	492,464,253	-	4,791,527	497,255,780

13 Other asset

Other asset represents the right to acquire land located in the Kingdom of Bahrain, from a third party. During the year, management has recorded an impairment charge of AED 5.9 million against this balance because management believes the asset is not recoverable.

14 Equity-accounted investee

Name	*Domiciled*	*% of equity held*		*Principal activities*
		2021	*2020*	
Al Waha Capital PJSC	*UAE*	***8.8034%***	*8.8034%*	*Investment in a wide range of sectors including financial services, capital markets, industrial real estates, infrastructure, healthcare, fintech and oil and gas.*

At 1 January 2021, the Group received confirmation from two shareholders *(related parties – refer note 26)* of Al Waha Capital PJSC ("investee") who own 8.6% and 4% in Al Waha Capital PJSC, respectively, stating that they have assigned their voting rights in favour of the Group and will represent the Group's interest in the Board of the investee. This assignment resulted in the Group having meaningful representation in the Board of Directors of the investee. Accordingly, the investee is considered as an associate from 1 January 2021 effective 1 January 2021 with its shareholding of 8.8034% as at that date.

The movement in Equity-accounted investee during the period is as follows:

	2021	2020
	AED	AED
Transferred from investment held at FVTOCI *(note 12)*	**133,121,998**	-
Transferred from investment held at FVTPL *(note 12)*	**61,150,244**	-
Share of profit	**34,424,776**	-
Gain on recognition	**73,970,500**	-
Dividends	**(9,711,157)**	-
Share of revaluation reserve	**(25,090)**	-
	292,931,271	-

Investment in associate securities with a quantity of 65,474,579 are pledged with commercial banks for securing term loans (note 24).

The fair value of associate based on quoted market price as at 31 December 2021 amounted to AED 276.76 million.

14 Investment in associate *(Continued)*

Summarized financial information in respect of the group associate is as follows:

	31 December 2021 AED
Statement of Financial Position	
Non-current assets	**1,147,184,000**
Current assets	**8,442,382,000**
Non-current liabilities	**(284,657,000)**
Current liabilities	**(4,513,519,000)**
Net assets (100%)	**4,791,390,000**
Total equity	**4,791,390,000**
Less: Non-controlling interests	**(1,479,541,000)**
Equity attributable to the Owners of the Company	**3,311,849,000**
Adjustments:	
Less: Elimination of existing goodwill from associate's total assets	**(56,930,266)**
Add: Excess of fair value over carrying value of equity accounted investee from associate's total assets	**72,546,885**
	3,327,465,619
Group's share of associate's net assets attributable to Owners (8.8034%)	**292,931,271**

	Year ended 31 December 2021
Statement of profit or loss	
Revenue	**301,940,000**
Profit for the year	**609,655,000**
Profit for the year attributable to:	
Owners of the Company	**391,038,000**
Non-controlling interests	**218,617,000**
Group's share of profit for the year (attributable to owners) (8.8034%)	**34,424,776**
Other comprehensive loss for the year	**(285,000)**
Group's share of other comprehensive loss for the year (attributable to owners) (8.8034%)	**(25,090)**

15 Inventories

	2021 AED	2020 AED
Goods for resale	**25,472,222**	38,359,023
Consumables	**2,002,570**	2,151,945
	27,474,792	40,510,968
Less: allowance for slow moving inventories	**(1,047,582)**	(1,324,864)
	26,427,210	39,186,104

The movement in the allowance for slow moving inventories was as follows:

	2021 AED	2020 AED
At 1 January	**1,324,864**	754,727
Charge for the year	**300,000**	951,356
Written off during the year	**(577,282)**	(381,219)
	1,047,582	1,324,864

During the year, cost of inventories recognised as expense amounted to AED 33,024,462 *(2020: AED 55,673,160)* and included in "Direct cost".

16 Trade and other receivables

	2021 AED	2020 AED
Trade receivables	**33,206,727**	50,266,537
Less: allowance for expected credit losses on trade receivables	**(24,888,943)**	(24,604,468)
	8,317,784	25,662,069
Advances to suppliers	**3,266,341**	4,328,401
Other receivables	**2,232,495**	1,531,907
Less: impairment losses on advance to suppliers	**(3,025,307)**	(3,025,307)
	10,791,313	28,497,070

16 Trade and other receivables *(continued)*

The movement in the expected credit losses on the trade receivables during the year was as follows:

	2021 **AED**	2020 AED
At 1 January	**24,604,468**	25,545,890
Charge for the year	**284,475**	3,291,458
Written off during the year	**-**	(4,232,880)
At 31 December	**24,888,943**	24,604,468

Movement in the allowance for impairment losses on advance to suppliers during the year was as follows:

	2021 **AED**	2020 AED
At 1 January	**3,025,307**	4,517,160
Charge for the year	**-**	2,420,000
Written off during the year	**-**	(3,911,853)
At 31 December	**3,025,307**	3,025,307

As at 31 December, the ageing analysis of trade receivable is as follows:

			Past due				
	Total AED	*Current AED*	*30 days AED*	*31 - 60 days AED*	*61 – 90 days AED*	*91 – 180 Days AED*	*>180 Days AED*
31 December 2021							
Expected credit losses rate		**3%**	**8%**	**7%**	**16%**	**11%**	**99%**
Estimated total gross carrying amount at default	**33,206,727**	**3,078,054**	**1,790,835**	**2,168,151**	**455,086**	**1,175,268**	**24,539,333**
Expected credit loss	**(24,888,943)**	**(90,558)**	**(146,297)**	**(154,271)**	**(74,251)**	**(133,950)**	**(24,289,616)**
	8,317,784	**2,987,496**	**1,644,538**	**2,013,880**	**380,835**	**1,041,318**	**249,717**
31 December 2020							
Expected credit losses rate		3%	9%	8%	16%	10%	67%
Estimated total gross carrying amount at default	50,266,537	2,603,381	1,720,227	1,268,111	1,017,442	8,956,453	34,700,923
Expected credit loss	(24,604,468)	(75,941)	(152,957)	(104,210)	(160,908)	(906,310)	(23,204,142)
	25,662,069	2,527,440	1,567,270	1,163,901	856,534	8,050,143	11,496,781

17 Cash and cash equivalents

	2021 AED	2020 AED
Cash in hand	**70,370**	78,923
Cash at banks – current accounts	**19,946,768**	5,214,320
Bank balances and cash	**20,017,138**	5,293,243
Less: bank overdrafts *(note 24)*	**(86,300,144)**	(200,907,441)
Cash and cash equivalents	**(66,283,006)**	(195,614,198)

Changes in liabilities arising from financing activities

	At 1 January AED	*Cash inflows AED*	*Cash outflows AED*	*31 December AED*
2021				
Term loans	**210,978,217**	**143,876,890**	**(91,774,475)**	**263,080,632**
Trust receipts	**19,113,140**	**4,334,825**	**(19,113,140)**	**4,334,825**
	230,091,357	**148,211,715**	**(110,887,615)**	**267,415,457**
2020				
Term loans	278,124,566	212,133,587	(279,279,936)	210,978,217
Trust receipts	51,675,232	70,222,543	(102,784,635)	19,113,140
	329,799,798	282,356,130	(382,064,571)	230,091,357

18 Share capital

	2021 AED	2020 AED
Authorised, allotted, issued and fully paid		
120 million shares of AED 1 each	**120,000,000**	120,000,000

19 Legal reserve

In accordance with UAE Federal Law No. 2 of 2015, the Company is required to transfer 10% of its profit for the year to a non-distributable legal reserve until the balance of the legal reserve equals one half of the Company's paid up share capital.

20 Regulatory reserve

In accordance with the Company's Articles of Association, the regulatory reserve account is created by appropriation of the net profit at a rate approved by the General Assembly based on the approval of the Board of Directors.

21 Non-controlling interests

Non-controlling interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of subsidiaries. During the year ended 31 December 2021, the Group has disposed 0.96% interest in FOODCO National Foodstuff PJSC (FNF), decreasing its ownership from 98.75% to 97.79%.

22 Provision for employees end of service benefits

	2021 AED	2020 AED
At 1 January	**3,995,667**	4,773,078
Charge for the year	**554,353**	482,849
Payments during the year	**(835,895)**	(1,260,260)
	3,714,125	3,995,667

23 Lease liabilities

	2021 AED	2020 AED
As at 1 January	**15,318,083**	23,268,090
Lease terminated during the year	**(8,362,093)**	-
Addition	**2,419,873**	-
Interest expense	**522,477**	891,781
Payment during the year	**(1,169,914)**	(5,835,031)
Modification of lease	**(378,408)**	(3,006,757)
	8,350,018	15,318,083

Analysed in the consolidated statement of financial position is as follows:

	2021 AED	2020 AED
Current liabilities	**687,273**	8,837,771
Non-current liabilities	**7,662,745**	6,480,312
	8,350,018	15,318,083

The following are the amounts recognised in the consolidated statement of profit or loss:

	2021 AED	2020 AED
Depreciation expense of right-of-use assets *(note 9)*	**843,438**	7,272,184
Interest expense on lease liabilities	**522,477**	891,781
Expense relating to short-term leases	**-**	641,185
	1,365,915	8,805,150

24 Loans and borrowings

	2021 AED	2020 AED
Bank borrowings	**263,080,632**	210,978,217
Trust receipts	**4,334,825**	19,113,140
Bank overdrafts* (note 17)	**86,300,144**	200,907,441
	353,715,601	430,998,798

*The bank overdrafts are repayable on demand and are secured against certain investments.

The movement in loans and borrowings are as follows:

	2021 AED	2020 AED
At 1 January	**433,689,789**	538,751,612
Additions during the year	**234,511,859**	1,479,275,780
Repayments during the year	**(311,795,056)**	(1,585,009,975)
Finance costs accrued	**13,649,363**	23,573,237
Finance costs repaid	**(15,582,963)**	(22,900,865)
Balance at 31 December	**354,472,992**	433,689,789

The break-up of the above-mentioned loans and borrowings is provided below:

	2021 AED	2020 AED
Loan and borrowings	**353,715,601**	430,998,798
Accrued interest (included in trade and other payables)	**757,391**	2,690,991
Balance at 31 December	**354,472,992**	433,689,789

24 Loans and borrowings *(continued)*

Bank overdrafts, trust receipts and secured bank borrowings are repayable as follows:

	2021 AED	2020 AED
Current portion	**199,770,454**	342,761,518
Non-current portion	**153,945,147**	88,237,280
	353,715,601	430,998,798

Terms and conditions of bank borrowings are as follows:

Loan	*Year of maturity*	*31 December 2021 Carrying amount AED*	*31 December 2020 Carrying amount AED*
Term loan 1 – Secured	**2022**	**-**	22,473,249
Term loan 2 – Secured	**2022**	**-**	6,093,750
Term loan 3 – Secured	**2024**	**-**	27,967,336
Term loan 4 – Secured	**2023**	**7,500,000**	13,500,000
Term loan 5 – Secured	**2024**	**23,500,000**	32,900,000
Term loan 6 - Secured	**2027**	**17,761,615**	20,850,591
Term loan 7 - Secured	**2024**	**6,000,000**	8,000,000
Term loan 8 - Unsecured	**2022**	**69,000,000**	61,364,420
Term loan 9 - Secured	**2020**	**-**	1,315,645
Term loan 10 – Unsecured	**2022**	**4,492,807**	4,370,591
Term loan 11 – Unsecured	**2021**	**-**	4,198,534
Term loan 12 – Unsecured	**2022**	**1,059,213**	7,944,101
Term loan 13 – Secured	**2031**	**120,000,000**	-
Term loan 14 – Secured	**2025**	**10,024,513**	-
Term loan 15 – Unsecured	**2023**	**3,742,484**	-
Total		**263,080,632**	210,978,217

Term loan 1

The loan was obtained in June 2017 from a local bank. The loan was repayable in quarterly instalments in accordance with a repayment schedule starting from 2017 until 2022. The loan bears an interest rate at market interest rates plus an applicable margin. This loan was fully settled during the year ended 31 December 2021.

24 Loans and borrowings *(continued)*

Term loan 2
The loan was obtained in May 2016 from a local bank for AED 50,000 thousand. The loan was repayable with semi-annual rollover / instalments starting from 2018 until 2022.The purpose of the loan is to support the Group's working capital requirements. The loan bears an interest rate at market interest rates plus an applicable margin. This loan was fully settled during the year ended 31 December 2021.

Term loan 3
The loan was obtained in April 2017 from a local bank for AED 30,737 thousand. The loan was repayable in 20 quarterly instalments starting from 2020 until 2024. The loan bears an interest rate at market interest rates plus an applicable margin. This loan was fully settled during the year ended 31 December 2021.

Term loan 4
The loan was obtained in February 2018 from a local bank. The loan is repayable in quarterly instalments starting from 2018 until 2023. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 5
The loan is a revolving loan obtained in April 2019 from a local bank. The loan is repayable in quarterly instalments starting from 2018 until 2024. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 6
The loan was obtained in December 2019 from a local bank. The loan is repayable in quarterly instalments starting from 2019 until 2027. The loan bears interest at market interest rates plus an applicable margin.

Term loan 7
The loan was obtained in December 2019 from a local bank. The loan is repayable in quarterly instalments starting from 2020 until 2024. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 8
The loan is a revolving loan obtained in June 2014 from a local bank for AED 75,000 thousand. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

24 Loans and borrowings *(continued)*

Term loan 9
The loan was obtained from a local bank for AED 5,000 thousand. The purpose of the loan is to support the Group's working capital requirements. The loan bears an interest rate at market interest rates plus an applicable margin. This loan was fully settled during the year ended 31 December 2021.

Term loan 10
The loan is a revolving loan obtained in October 2019 from an international bank for USD 7 million. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 11
The loan is a revolving loan obtained in November 2020 from a local bank for AED 4,198 thousand. The purpose of loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin. This loan was fully settled during the year ended 31 December 2021.

Term loan 12
The loan is a revolving loan obtained in November 2020 from a local bank for AED 7,944 thousand. The purpose of loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 13
The loan was obtained from a local bank for AED 120,000 thousand. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 14
The loan was obtained from a local bank for AED 11,251 thousand. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

Term loan 15
The loan was obtained from a local bank for AED 4,990 thousand. The purpose of the loan is to support the Group's working capital requirements. The loan bears interest at market interest rates plus an applicable margin.

The Group's unutilized credit facilities as at 31 December 2021 amounted to AED 98,293,107 *(2020: AED* 199,309,145*)*. The unutilized limits are mainly for overdrafts and trust receipts facilities which are utilized as per the business requirements.

Also, refer to interest rate disclosure *(note 30)*.

25 Trade and other payables

	2021	2020
	AED	AED
Trade payables *(note 25.1)*	**37,988,755**	21,324,488
Accruals *(note 25.2)*	**24,396,180**	24,318,437
Advances from customers	**4,788,911**	17,016,174
Retention payable *(note 25.3)*	**4,726,621**	4,947,097
Other payables	**6,262,467**	1,933,223
	78,162,934	69,539,419

25.1 Included in trade payable, is an amount payable of AED 11,133,850 *(2020: AED 76,570)* to a stock broker which is a related party of the Group. Brokerage fees for the year amounted to AED 422,923 *(2020: AED 16,324)*.

25.2 Included in accruals, is an amount payable of AED 5,916,860 *(2020: Nil)* to an investment consultancy Company which is a related party of the Group. Investment consultancy expense amounted to AED 5,916,860 *(2020: Nil)*.

25.3 Included in retention payable, is an amount payable of AED 4,726,621 *(2020: AED 4,726,621)* to a contractor, who is a related party, for the construction of C-3 and C-10 buildings. There were no transactions during the year.

26 Related parties transactions and balances

Related parties comprise the Shareholders, directors and key management of the Group and entities in which they have the ability to control and exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Group's management.

	2021	2020
	AED	AED
Amounts due from related parties		
Directors	**1,163,922**	834,342
Shareholders	**80,061**	468,438
	1,243,983	1,302,780
Amounts due to related parties		
Directors	**1,371**	1,522,157
Shareholders	**657,593**	927,062
	658,964	2,449,219

26 Related parties transactions and balances *(Continued)*

The Group's balances with related parties for providing construction services, broker margin account facility and investment consultants are included in the consolidated statement of financial position are as follows:

	2021 AED	2020 AED
Trade and other payables (note 25)		
Included in retention payable (Shareholder)	**4,726,621**	4,726,621
Included in trade payables (Common directorship)	**11,133,850**	76,570
Included in accruals (Common directorship)	**5,916,860**	-
	21,777,331	4,803,191

Transactions with related parties are carried at agreed rates and are to be settled on demand. The transactions are disclosed below: (also refer note 25)

	2021 AED	2020 AED
Sales (Shareholders and Directors)	**1,284,480**	715,463
Purchases (Shareholder)	**180,347**	1,112,022

Key management personnel compensation

The remuneration of members of key management during the year was as follows:

	2021 AED	2020 AED
Management compensation	**200,290**	1,021,129
Short term benefits	**2,355,065**	9,130,988
Employees' end of service benefits	**537,425**	14,788
Total	**3,092,780**	10,166,905

At 1 January 2021, the Group received confirmation from two shareholders of Al Waha Capital PJSC ("investee"), where one is a significant shareholder and other is key management personnel of the Group, stating that they have assigned their voting rights in favour of the Group and will represent the Group's interest in the Board of the investee.

27 Basic and diluted earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of shares outstanding during the year.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2021	2020
Profit for the year, year, attributable to the owners of the Company (AED)	**116,378,013**	56,189,217
Weighted-average number of ordinary shares issued	**120,000,000**	120,000,000
Basic and diluted earnings per share (AED)	**0.97**	0.47

28 Contingencies and capital commitments

Contingent liabilities

As at reporting date, the following contingent liabilities were outstanding:

	2021 AED	2020 AED
Bank guarantees	**2,651,503**	15,907,758
Letter of Credit	**300,287**	-

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

Capital commitments

As at reporting date, the capital commitments relate to the following:

	2021 AED	2020 AED
Purchase of land	-	5,434,050

29 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Officer in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

i) Investing in securities ("Investment in securities");
ii) Investing in properties ("Investment properties");
iii) Marine, air and land shipment services along with management and operation of store and warehouses ("Freight forwarding and storage"); and
iv) Wholesale and distribution of food products ("Trading").

Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds

The segment assets and liabilities are as follows:

	Investment in securities AED	*Investment properties AED*	*Trading AED*	*Freight forwarding and storage AED*	*Others AED*	*Eliminations AED*	*Consolidated AED*
At 31 December 2021							
Assets	**1,053,124,167**	**264,770,561**	**196,350,584**	**61,668,413**	**2,843,142**	**(620,862,874)**	**957,893,993**
Liabilities	**411,049,864**	**251,533,808**	**35,704,192**	**76,989,411**	**45,094**	**(330,720,727)**	**444,601,642**
At 31 December 2020							
Assets	964,793,066	63,320,484	242,352,136	54,928,209	2,818,443	(407,440,252)	920,772,086
Liabilities	460,061,247	51,017,740	14,416,396	11,025,851	45,094	(14,265,142)	522,301,186

29 Segment information *(continued)*

For the year ended 31 December 2021:

	Investment in securities AED	*Investment properties AED*	*Freight forwarding and storage AED*	*Trading AED*	*Others AED*	*Elimination AED*	*Consolidated AED*
Revenue – external	**51,514,770**	**32,868,695**	**5,171,241**	**33,944,220**	**-**	**-**	**123,498,926**
Revenue – internal	**-**	**1,407,342**	**6,747,695**	**-**	**-**	**(8,155,037)**	**-**
Profit (loss) for the year	**131,112,060**	**4,529,655**	**(2,244,845)**	**(15,755,647)**	**(24,000)**	**(1,675,223)**	**115,942,000**

For the year ended 31 December 2020:

	Investment in securities AED	*Investment properties AED*	*Freight forwarding and storage AED*	*Trading AED*	*Others AED*	*Elimination AED*	*Consolidated AED*
Revenue – external	104,569,008	34,912,024	3,946,651	58,901,070	-	-	202,328,753
Revenue – internal	-	1,742,667	14,866,874	31,757	-	(16,641,298)	-
Profit (loss) for the year	70,210,511	11,109,153	(5,360,536)	(20,103,029)	14,362	-	55,870,461

All the revenue is generated from operations within UAE.

30 Financial risk management policies

Introduction

Risk is inherent in the Group's activities and is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group's activities expose it to a variety of financial risks: credit risk, market risk (including currency risk and cash flow interest rate risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. They are monitored through the Group's strategic planning process.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group seeks to limits its credit risk with respect to trade and other receivables by monitoring outstanding receivables. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position. The Group manages its credit risk with respect to banks by dealing with reputable banks.

The Group is potentially exposed to conception of credit risk from its financial assets which comprises principally bank balances, trade and other receivables and amounts due from related parties.

Maximum exposure to credit risk
The carrying value of total financial assets table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position:

	Note	***Maximum exposure 2021 AED***	*Maximum exposure 2020 AED*
Trade and other receivables	*16*	**10,791,313**	28,497,070
Bank balances (excluding cash in hand)	*17*	**19,946,768**	5,214,320
Amounts due from related parties	*26*	**1,243,983**	1,302,780
Total credit risk exposure		**31,982,064**	35,014,170

30 Financial risk management policies *(continued)*

Credit risk *(continued)*

Maximum exposure to credit risk continued
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are fully provided for if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group limits its liquidity risk by ensuring maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Group's liabilities. The contractual maturities of liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date on an undiscounted basis and do not take account of the effective maturities.

	Carrying value AED	*Contractual cash flows AED*	*1 year or less AED*	*More than 1 year AED*
At 31 December 2021				
Trade and other payables (excluding advances)	**73,374,023**	**(73,374,023)**	**(73,374,023)**	**-**
Amounts due to related parties	**658,964**	**(658,964)**	**(658,964)**	**-**
Lease liabilities	**8,350,018**	**(15,066,979)**	**(1,169,914)**	**(13,897,065)**
Loans and borrowings	**353,715,601**	**(365,161,792)**	**(300,172,035)**	**(64,989,757)**
Total	**436,098,606**	**(454,261,758)**	**(375,374,936)**	**(78,886,822)**
At 31 December 2020				
Trade and other payables (excluding advances)	52,523,245	(52,523,245)	(52,523,245)	-
Amounts due to related parties	2,449,219	(2,449,219)	(2,449,219)	-
Lease liabilities	15,318,083	(22,544,291)	(9,377,768)	(13,166,523)
Loans and borrowings	430,998,798	(456,817,903)	(359,886,135)	(96,931,768)
Total	501,289,345	(534,334,658)	(424,236,367)	(110,098,291)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

30 Financial risk management policies *(continued)*

Market risk

Market risk arises from fluctuations in interest rates and currency rates. The management monitors the market risk on an ongoing basis and on any significant transaction.

Currency risk
Foreign currency risk comprises of transaction and consolidated statement of financial position risk. Transaction risk relates to the Group's cash flow being adversely affected by a change in the exchange rates of foreign currencies against UAE Dirham. Consolidated statement of financial position risk relates to the risk of the Group's monetary assets and liabilities in foreign currencies acquiring a lower or higher value, when translated into UAE Dirham, as a result of currency movements.

The Group frequently deals in US Dollars, Bahraini Dinar, Omani Riyal, Saudi Riyal, Syrian Pound and Euro. As the US Dollar is pegged to the UAE Dirham, balances in this currency are not considered to represent significant foreign currency risk.

The table below calculates the effect of a reasonably possible movement of AED currency rate (with a sensitivity of 10% increase or decrease in currency rates) against the following currencies, with all other variables held constant, a decrease of 10% in currency rates on the consolidated statement of profit or loss:

	US Dollar	*Bahraini Dinar*	*Omani Riyal*	*Syrian Pound*	*EURO*
At 31 December 2021					
Financial assets (at respective currencies)	1,529,228	46,394	38,067	2,414,124,599	-
Financial assets (AED)	**5,618,383**	**463,935**	**363,647**	**3,529,898**	**-**
Effect on profit for the year (AED)	**-**	**46,393**	**36,365**	**352,990**	**-**
At 31 December 2020					
Financial assets (at respective currencies)	1,826,032	49,647	28,346	2,427,001,634	20,016
Financial assets	6,708,840	483,689	270,479	7,096,855	89,800
Effect on profit for the year (AED)	-	48,369	27,048	709,686	8,980

The increase would have an opposite impact.

30 Financial risk management policies *(continued)*

***Market risk** (continued)*

Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit based on the floating rate financial instruments held at 31 December 2021 and 31 December 2020. The aggregate exposure as of 31 December 2021 amounted to AED 353,715,601 *(2020: AED 430,998,798).*

	Increase in basis points	*Impact on profit or (loss)*
31 December 2021		
AED	**+100**	**3,537,156**
	-100	**(3,537,156)**
31 December 2020		
AED	+100	4,309,988
	-100	(4,309,988)

Interest Rate Benchmark Reform:
On 27 August 2020 the International Accounting Standards Board (IASB or the Board) published 'Interest Rate Benchmark reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR reform Phase 2). IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an Interbank offered rate ("IBOR") to an alternative risk-free benchmark reference rate ("RFR").

As per the Phase 2 amendments, changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are required as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. This may include the addition of a fixed spread to compensate for a basis difference between the existing IBOR benchmark and alternative RFR, changes to reset period, reset dates or number of days between coupon payment dates that are necessary to effect reform of an IBOR benchmark and the addition of any fallback provision to the contractual terms of a financial instrument that allow any of the above changes to be made. Any other change to contractual terms would be assessed under the Group's accounting policies for financial assets modifications, including an assessment of whether derecognition of the original instrument is required.

The Group has assessed the impact of above standard. Based on the assessment, management noted that all the borrowing are linked to EIBOR which is not ceasing. Hence, the borrowings will not be impacted by the reform/transition. Accordingly, there is no impact on the financial statements of the Group as at the reporting date as a result of IBOR reform.

Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. There are no regulatory imposed requirements on the level of share capital which the Group has not met. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders or inject share capital. Capital comprises share capital, legal reserve, regulatory reserve, fair value reserve, retained earnings and non-controlling interests.

30 Financial risk management policies *(continued)*

Capital management *(continued)*

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, lease liabilities, trade and other payables, amounts due to related parties, less bank balances and cash.

	Note	2021 AED	2020 AED
Borrowings	*24*	**353,715,601**	430,998,798
Lease liabilities	*23*	**8,350,018**	15,318,083
Trade and other payables	*25*	**78,162,934**	69,539,419
Amounts due to related parties	*26*	**658,964**	2,449,219
Less: bank balances and cash	*17*	**(20,017,138)**	(5,293,243)
Net debt		**420,870,379**	513,012,276
Total capital		**513,292,351**	398,470,900
Capital and net debt		**934,162,730**	911,483,176
Gearing ratio		**45%**	56%

31 Fair values of financial instruments

All of the Group's financial assets are measured at amortised cost except for investment in securities which are measured at fair value. All the financial liabilities are carried at amortised cost. The fair values of financial assets and liabilities carried at amortised cost approximate their carrying values as stated in the consolidated statement of financial position.

Breakdown of financial assets are as follows:

	Note	2021 AED	2020 AED
Trade and other receivables	*16*	**10,791,313**	28,497,070
Bank balances (excluding cash in hand)	*17*	**19,946,768**	5,214,320
Amounts due from related parties	*26*	**1,243,983**	1,302,780
Investments held at fair value through other comprehensive income ("FVTOCI")	*12*	**19,738,327**	163,068,927
Investments held at fair value through profit or loss ("FVTPL")	*12*	**273,630,705**	334,186,853
		325,351,096	532,269,950

32 Accounting estimates and judgments

In the process of applying the Group's accounting policies, which are described in *note 2 (d),* management has used estimates and made following judgement that have the most significant effect on the amounts of assets and liabilities recognised in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Equity accounted investee
In determining the nature of the arrangement entered into with respect to the equity accounted investee, the management exercised key judgements in respect of whether or not significant influence is established by the Group in the investee upon holding 8.8034% of the ownership interest. In determining this, management made an assessment about whether the Group has significant influence on account of the assignment of the voting rights by two shareholders who also own shares in the investee. Management's assessment resulted in the Group having a significant influence due to meaningful representation in the Board of Directors of the equity accounted investee. *(refer to note 14)*

Estimates

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and the future depreciation charge is adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated over the revised remaining useful life. *(refer to note 7)*

Valuation of properties
Investment properties are stated at fair value as at the consolidated statement of financial position date. Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss in the year in which they arise. The fair values of investment properties are determined by management through an in-house valuation model. The valuation techniques adopted comprise the discounted cashflow method.

The determination of the fair value of investment properties requires the use of estimates such as future cash flows from assets and discount rates applicable to those assets. These estimates are based on local market conditions existing at the consolidated statement of financial position date. In arriving at their estimates of fair values as at 31 December 2021 and 2020, management have used their market knowledge and professional judgment and have not only relied solely on historic transactional comparables. *(refer to note 11)*

32 Accounting estimates and judgments *(continued)*

Estimates *(continued)*

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices. *(refer to note 15)*

Provision for expected credit losses for trade and other receivables
The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by operating segment, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

The Group has also performed the specific assessment for some customers based on the risk profile to calculate the ECL using the simplified approach. *(refer to note 16)*

33 COVID-19

The widespread of the Covid-19 since the beginning of 2020 is a fluid and challenging situation facing all industries. The Group had performed an assessment of the overall impact of the situation on the Group's operations, including the recoverability of the carrying amount of assets, measurements of its assets and liabilities. Management is of the opinion that the situation will not have a material financial impact on the Group's results for the next financial year.