Foodco Holding - P.J.S.C.

Consolidated financial statements

31 December 2016

Principal business address:
P.O. Box 2378
Behind Mina Centre
Meena Road
Abu Dhabi
United Arab Emirates

Foodco Holding - P.J.S.C.

Consolidated financial statements

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Board of Directors' Report
For the year ended December 31, 2016

The Board of Directors of Foodco Holding PJSC are pleased to report the Consolidated Financial Statements for the year ended December 31, 2016

The Groups' revenue for the year was AED 292 million (2015: 283 million) while the profit of the parent company was AED 56,942 million (2015: 55,306 million).

The following is the summary of the Financial statements:

Amount in AED '000

	December 2016	December 2015	Increase / (Decrease) Amount	%
Profit and Loss summary				
Revenue	291,690	282,809	8,881	3.1%
Gross Profit	112,964	108,237	4,727	4.4%
Profit	56,942	55,306	1,636	3.0%
Earning per share (AED)	0.57	0.55	0.02	3.0%

	December 2016	December 2015	Increase / (Decrease) Amount	%
Statement of financial position summary				
Current Assets	376,457	258,648	117,809	45.5%
Non Current Assets	501,883	608,968	(107,085)	-17.6%
Current Liabilities	353,965	386,189	(32,224)	-8.3%
Non Current Liabilities	50,167	24,117	26,049	108.0%
Total Shareholders' Equity (Parent)	476,728	455,414	21,314	4.7%
Book Value of Share (AED)	4.77	4.55	0.21	4.7%

A cash dividend of 15% (2015: 15%) of the share capital has been proposed for approval at the Annual General Meeting.

We appreciate the efforts of all our stakeholders for their contribution in achieving these results.

On behalf of the Board of Directors

Rashed Darwish Ahmed Saif AlKetbi
Vice Chairman
2 0 MAR 2017

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ص.ب : ٢٣٧٨
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Independent Auditors' Report

To the Shareholders
Foodco Holding – P.J.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Foodco Holding – P.J.S.C. ('the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, 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 2016, and of 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 Code of Ethics for Professional Accountants (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.

KPMG

(a) Recoverability of trade and other receivables

Refer to notes 3(p), 3(q), 4, 11 and 26 of the consolidated financial statements.

Risk

The Group has trade and other receivables with a carrying value of AED 149,967,224 before provisions as at 31 December 2016. The determination as to whether a receivable is recoverable can involve significant judgment to establish whether a provision for impairment is required which would lead to a loss in the consolidated profit or loss statement and is an area where management bias, whether deliberate or not, could exist. Specific factors considered by management include the age of overdue balances, ability to recover the amount through legally enforceable rights, existence of disputes, recent historical collection patterns and any other available information concerning the creditworthiness of the counterparty.

Our response

Our audit procedures with respect to the recoverability of trade and other receivables included, but were not limited to the following procedures,

- We reviewed significant receivable balances against which a provision was not recognised to evaluate these for any indicators of impairment. This included verifying if payments have been received since the year-end, reviewing historical collection patterns and any correspondence with customers on expected settlement dates to assess that management's assertions were reasonably supported.
- We selected a sample of larger receivable balances where a provision for impairment of trade receivables was recognised and sought the rationale behind management's judgment to test it for reasonableness. This testing included verifying whether the balances were overdue, the customer's historical payment patterns and whether any post year-end payments have been received up to the date of our audit report.
- We obtained evidence including correspondence supporting any disputes between the parties involved, attempts by management to recover the amounts outstanding and on the credit status of significant counterparties where available.
- In assessing the appropriateness of the overall provision for impairment we considered the consistency of management's application of policy of recognising provisions with the prior periods and in the context of the current macro-economic challenges and whether there were any indications of bias in determining recoverability.

We assessed the adequacy of the Group's disclosure set out in note 27 regarding the ageing profile of trade and other receivables.

(b) Valuation of investment properties and investment properties under development

Refer to notes 3(i), 4, 7 and 8 of the consolidated financial statements.

Risk

The Group's direct investment property portfolio accounts for 34.3% of the Group's total assets as at 31 December 2016. The fair value of the investment property portfolio as at 31 December 2016 was assessed by management based on independent valuation prepared by an external property expert.

(b) Valuation of investment properties and investment properties under development *(continued)*

Risk (continued)

Changes in fair value from one year to the next are recorded in profit or loss. Any bias or error in determining the fair value, whether deliberate or not, could lead to an over (or under) statement of profit in the period.

Our response

Our audit procedures with respect to the Group's investment property portfolio included, but were not limited to the following procedures,

- the assessment of the appropriateness of the valuation methodologies and assumptions used based on market knowledge and market data, which included undertaking discussions on key findings with management and challenging the assumptions used;
- whether the valuation approach was suitable for use in determining the fair value in the consolidated statement of financial position;
- the comparison of key inputs to the valuations such as rental income, yields, occupancy and tenancy contracts for consistency with other audit findings and market data; and
- considering whether there was any bias in the determination of fair values used by discussing and challenging the valuation process, overall performance of the portfolio and the significant assumptions and critical areas of judgement.

We also considered the Group's investment properties valuation policies and their application as described in note 3(h) for compliance with International Financial Reporting Standards as issued by the IASB in addition to the adequacy of disclosures in notes 4, 7 and 8 in relation to investment properties, and investment properties under development.

(c) Valuation of investments at fair value through OCI

Refer to notes 3(p), 3(q), 4, 9 and 27 of the consolidated financial statements.

Risk

The fair value of investments at fair value through OCI is determined through the application of valuation techniques which often involve the exercise of management judgement.

Due to the significance of investments at fair value through OCI and the related estimation uncertainty, this is considered a key audit risk. At 31 December 2016, financial assets carried at fair value through OCI represent 21.4% of total assets.

Estimation uncertainty is particularly high for unquoted investments at fair value through OCI where significant valuation inputs are unobservable (known as Level 3 instruments). At 31 December 2016, Level 3 instruments represent 3% of financial assets carried at fair value through OCI.

Our response

Our audit procedures with respect to the Valuation of investments at fair value through OCI included, but were not limited to the following procedures,

- the assessment of controls over the identification, measurement and management of valuation risk, and evaluating the methodologies, inputs and assumptions used by the Group in determining fair values.

(c) Valuation of investments at fair value through OCI _(continued)_

Our response (continued)

- for quoted investments, we compared observable inputs against independent sources and externally available market data. For a sample of unquoted investments valuations, we recalculated the book value based on the latest available financial information and compared it to the carrying value of the unquoted investments.

Additionally, we assessed whether the financial statement disclosures of fair value risks and sensitivities as disclosed in note 27 appropriately reflect the Group's exposure to valuation risk.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the consolidated financial statements and our auditors' report thereon

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

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

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

Management is responsible for the preparation and fair presentation of these 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, 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.

KPMG

Auditors' Responsibilities for the Audit of the 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.
- 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, related safeguards.

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, we report that:

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;
iii. the Group has maintained proper books of account;
iv. the financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;
v. as disclosed in note 9 to the consolidated financial statements, the Group has purchased shares during the year ended 31 December 2016;
vi. note 26 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and
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 2016 any of the applicable provisions of the UAE Federal Law No. 2 of 2015 or in respect of the Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2016.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration Number:968
Abu Dhabi, United Arab Emirates
Date: 2 0 MAR 2017

Foodco Holding - P.J.S.C.

Consolidated statement of financial position
as at 31 December

	Note	2016 AED	2015 AED
Assets			
Property, plant and equipment	5	12,000,585	10,535,149
Intangible assets	6	1,046,435	1,083,180
Investment properties under development	7	45,291,466	44,386,666
Investment properties	8	255,975,868	290,070,867
Investments held at fair value through other comprehensive income	9	187,569,094	262,892,564
Non-current assets		501,883,448	608,968,426
Inventories	10	20,143,019	18,957,319
Investments held at fair value through profit or loss	9	217,135,489	130,714,245
Trade and other receivables	11	136,914,171	102,077,318
Amounts due from related parties	26	650,257	379,799
Cash and cash equivalents		1,110,243	6,519,296
		375,953,179	258,647,977
Assets held for sale	12	504,094	-
Current assets		376,457,273	258,647,977
Total assets		878,340,721	867,616,403
Equity			
Share capital	13	100,000,000	100,000,000
Legal reserve	14	50,000,000	50,000,000
Regulatory reserve	15	50,000,000	50,000,000
Fair value reserve		(43,978,705)	(28,865,245)
Retained earnings		320,706,694	284,279,686
Equity attributable to owners of the Company		476,727,989	455,414,441
Non-controlling interest		(2,518,634)	1,895,923
Total equity		474,209,355	457,310,364
Liabilities			
Provision for employees' end of service benefits	17	4,295,811	3,701,063
Loans and borrowings	18	45,870,701	20,415,982
Non-current liabilities		50,166,512	24,117,045
Trade and other payables	19	69,450,957	70,610,030
Loans and borrowings	18	279,133,243	311,415,800
Amounts due to related parties	26	5,380,654	4,163,164
Current liabilities		353,964,854	386,188,994
Total liabilities		404,131,366	410,306,039
Total equity and liabilities		878,340,721	867,616,403

These consolidated financial statements were approved on 20 MAR 2017 and authorised for issue by:

Rashed Darwish Ahmed Saif AlKetbi
Vice Chairman

Mohammed Ali Khamis Al Hossani
Director

Mohammed Tariq Sheikh
Chief Financial Officer

فودكو القابضة ش.م.ع
P.O. Box : 2378
Abu Dhabi
FOODCO HOLDING P.J.S.C.

The notes from 1 to 32 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 7.

Foodco Holding - P.J.S.C.

Consolidated statement of profit or loss
for the year ended 31 December

	Note	**2016** **AED**	2015 AED
Income comprises:			
- revenue from trading	*20*	**221,011,381**	209,844,618
- rentals and increase in fair value of investment properties	*21*	**34,289,793**	69,330,397
- dividends and increase in fair value of investments	*22*	**36,388,841**	3,634,285
		291,690,015	282,809,300
Cost of sales		**(178,726,189)**	(174,572,799)
Selling, general and administrative expenses	*23*	**(45,785,555)**	(42,684,509)
Finance costs		**(14,896,111)**	(13,708,462)
Other income		**464,596**	77,903
Profit for the year		**52,746,756**	51,921,433
Profit attributable to:			
Equity owners of the parent		**56,941,698**	55,306,097
Non-controlling interest		**(4,194,942)**	(3,384,664)
		52,746,756	51,921,433
Basic and diluted earnings per share (AED)	*25*	**0.57**	0.55

The notes from 1 to 32 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 7.

Foodco Holding - P.J.S.C.

Consolidated statement of comprehensive income
for the year ended 31 December

	Note	**2016** **AED**	2015 AED
Profit for the year		**52,746,756**	51,921,433
Other comprehensive loss:			
Items that will not be reclassified to profit or loss			
Net changes in the fair value of investments held through other comprehensive income		**(16,647,765)**	(69,918,675)
Board of Directors remuneration	*26*	**(4,200,000)**	(4,000,000)
Other comprehensive loss		**(20,847,765)**	(73,918,675)
Total comprehensive income / (loss)		**31,898,991**	(21,997,242)
Total comprehensive income / (loss) attributable to:			
Equity owners of the Company		**36,313,548**	(18,048,052)
Non-controlling interest		**(4,414,557)**	(3,949,190)
		31,898,991	(21,997,242)

The notes from 1 to 32 form an integral part of these consolidated financial statements.

The independent auditors' report is set out on pages 2 to 7.

Foodco Holding - P.J.S.C.

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

	Share capital AED *(note 13)*	Legal reserve AED *(note 14)*	Regulatory reserve AED *(note 15)*	Fair value reserve AED	Retained earnings AED	Equity attributable to owners of the Company AED	Non-controlling interests AED	Total AED
Balance at 1 January 2015	100,000,000	50,000,000	50,000,000	41,587,341	256,875,152	498,462,493	5,845,113	504,307,606
Profit for the year	-	-	-	-	55,306,097	55,306,097	(3,384,664)	51,921,433
Other comprehensive income	-	-	-	(70,452,586)	(2,901,563)	(73,354,149)	(564,526)	(73,918,675)
Total comprehensive income for the year	-	-	-	(70,452,586)	52,404,534	(18,048,052)	(3,949,190)	(21,997,242)
Dividends *(note 16)*	-	-	-	-	(25,000,000)	(25,000,000)	-	(25,000,000)
Balance at 31 December 2015	**100,000,000**	**50,000,000**	**50,000,000**	**(28,865,245)**	**284,279,686**	**455,414,441**	**1,895,923**	**457,310,364**
Balance at 1 January 2016	100,000,000	50,000,000	50,000,000	(28,865,245)	284,279,686	455,414,441	1,895,923	457,310,364
Profit for the year	-	-	-	-	56,941,698	56,941,698	(4,194,942)	52,746,756
Other comprehensive income	-	-	-	(15,113,460)	(5,514,690)	(20,628,150)	(219,615)	(20,847,765)
Total comprehensive income for the year	-	-	-	(15,113,460)	51,427,008	36,313,548	(4,414,557)	31,898,991
Dividends *(note 16)*	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Balance at 31 December 2016	**100,000,000**	**50,000,000**	**50,000,000**	**(43,978,705)**	**320,706,694**	**476,727,989**	**(2,518,634)**	**474,209,355**

The notes from 1 to 32 form an integral part of these consolidated financial statements.

Foodco Holding - P.J.S.C.

Consolidated statement of cash flows
for the year ended 31 December

	Note	2016 AED	2015 AED
Cash flows from operating activities			
Profit for the year		**52,746,756**	51,921,433
Adjustments for:			
Depreciation of property, plant and equipment	*5*	**2,600,320**	1,986,941
Impairment loss on property, plant and equipment	*5*	**2,648,465**	430,166
Amortisation of intangible assets	*6*	**36,745**	36,745
Finance costs		**14,896,111**	13,708,462
Provision for employees' end of service benefits	*17*	**1,016,402**	1,096,515
Net changes in fair value of investments held at FVTPL	*9*	**(6,651,962)**	32,238,524
Impairment loss on trade receivables	*11*	**2,785,819**	4,558,515
Provision for inventory obsolescence	*10*	**3,736,154**	3,538,615
Gain on disposal of property, plant and equipment		**(17,692)**	(33,745)
Write off of property, plant and equipment		**4,021**	-
Acquisition of investments	*9*	**(167,933,861)**	(79,581,046)
Proceeds from sale of investments	*9*	**146,840,284**	46,543,687
Proceeds from disposal of investment properties		**31,360,000**	3,500,000
Acquisition of investment properties	*8*	**(905,001)**	-
Acquisition of investment properties under development	*7*	**(904,800)**	(5,878,170)
Fair value loss / (gain) on investment properties and investment properties under development	*8*	**3,640,000**	(28,906,158)
Impairment loss on goodwill	*6*	**-**	249,637
		85,897,761	45,410,121
Changes in:			
- inventories	*10*	**(4,921,854)**	(10,312,942)
- trade and other receivables	*11*	**(37,622,672)**	(15,625,259)
- amounts due from related parties	*26*	**(270,458)**	307,515
- trade and other payables	*19*	**(1,530,073)**	22,969,036
- amounts due to related parties	*26*	**(2,982,510)**	(3,655,054)
Cash from operating activities		**38,570,194**	39,093,417
Employees' end of service benefits paid	*17*	**(421,654)**	(443,280)
Net cash from operating activities		**38,148,540**	38,650,137
Cash flows from investing activities			
Acquisition of property, plant and equipment	*5*	**(7,300,806)**	(5,458,976)
Proceeds from disposal of property, plant and equipment		**96,162**	33,755
Net cash used in investing activities		**(7,204,644)**	(5,425,221)

Foodco Holding - P.J.S.C.

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

	Note	**2016 AED**	2015 AED
Cash flows from financing activities			
Net increase / (decrease) in bank borrowings	*18*	**38,968,481**	(14,482,959)
Finance costs paid		**(14,525,111)**	(12,755,053)
Dividends paid	*16*	**(15,000,000)**	(25,000,000)
Net cash generated from / (used in) financing activities		**9,443,370**	(52,238,012)
Net increase / (decrease) in cash and cash equivalents	*31*	**40,387,266**	(19,013,096)

The notes from 1 to 32 form an integral part of these consolidated financial statements.
The independent auditors' report is set out on pages 2 to 7.

Foodco Holding - P.J.S.C.

1 Legal status and principal activities

Foodco Holding - P.J.S.C. (the "Company") is a public shareholding company incorporated in Abu Dhabi, (United Arab Emirates) in accordance with the provisions of the U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended). During 2006, the Company changed its name to Foodco Holding - P.J.S.C. formerly known as Abu Dhabi National Foodstuff Company - P.J.S.C. and updated its Articles of Association accordingly.

The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange.

The Company is 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 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 for the purpose of the good conduct of the business of the Company.

These consolidated financial statements include the financial position and the financial performance of the following subsidiaries:

Name of subsidiary	Percentage of ownership	Country of incorporation	Principal activity
Oasis National Foodstuff Company LLC	100%	UAE	Packing of foodstuff
Abu Dhabi National Foodstuff Co LLC	100%	UAE	Wholesale and distribution of foodstuff
Sense Gourmet Food Company PSC*	48.44%	UAE	Catering services and restaurant business
5 P L Logistics Solutions LLC**	100%	UAE	Shipment, clearance and warehousing services

During 2015, Foodco Holding - P.J.S.C. had reacquired Catering operations from Sense Gourmet Food Company P.S.C, a subsidiary company. This had no impact on the consolidated financial statements of Foodco Holding - P.J.S.C.

* Although the Company does not hold more than half of the equity shares of Sense Gourmet Food Company P.J.S.C, the Company controls the entity as it is exposed to, and has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**The Group has established 5PL Logistics Solutions LLC, a new Limited Liability Company, on 19 May 2015 to diversify its operations by engaging in services related to marine, air and land shipment, custom clearance services and management and operation of stores and warehouses.

2 Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and comply where appropriate, with the relevant Articles of Association and the requirements of the UAE Federal Law No. 2 of 2015. UAE Federal Law No 2 of 2015 being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on 1 April 2015 and has come into force on 1 July 2015 repealing the old UAE Federal Law No. 8 of 1984 (as amended). Companies are mandated to comply with the UAE Companies Law of 2015 by 30 June 2017.

(b) Basis of measurement

These consolidated financial statements are prepared on the historical cost basis except for the following investments, which are measured at fair value:

- Investments held at fair value through profit or loss;
- Investments held at fair value through other comprehensive income; and
- Investment properties.

2 Basis of preparation *(continued)*

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Group's functional and reporting currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and 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 recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in these consolidated financial statements is described in note 4.

3 Summary of significant accounting policies

The Group has consistently applied the following accounting policies which comply with IFRS, to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

(ii) Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- at fair value; or
- at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3 Summary of significant accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. 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.

(b) Investment in associates and jointly controlled entities (equity-accounted investees)

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture 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 other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

(c) Revenue

Income from trading
Income from trading in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Income is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of income can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of income as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

Income from trading also includes management fee as provision of services which is recognised at the time when the services are rendered and there are no significant uncertainties regarding recovery of the consideration due or associated cost.

Income from investment properties
It includes rental income from investment properties and fair value gain on investment properties. Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from other properties is recognised as other income. For accounting policy of fair value gain on investment properties please refer note 3 (i)

Income from investments
It includes dividend income from investments and fair value gain on investments. Dividend incomeis recognised when the right to receive payment has been established. For accounting policy of fair value gain on investment at fair value through profit or loss please refer note 3 (p)

Summary of significant accounting policies *(continued)*

(d) Cost of sales

The cost of sales comprises of cost of goods sold, depreciation, operating rental expenses and other direct costs.

(e) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and the comparative periods are as follows:

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

Depreciation is calculated to write off the cost of items of property, plant 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at every reporting date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(f) Capital work in progress

The Group capitalises all costs relating to assets as capital work-in-progress, until the date of completion and commissioning of these assets. These costs are transferred from capital work in progress to the appropriate asset category upon completion and commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

(g) 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 profit or loss in the period in which they are incurred.

3 Summary of significant accounting policies *(continued)*

(h) Intangible assets and goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful life for the current and comparative years is 20 years for all franchise costs.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(k) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3 Summary of significant accounting policies *(continued)*

(l) Leasing

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

The Group as lessee
Rental payments under operating leases are charged to profit or loss as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

(m) Provisions

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

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

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

(n) Employee benefits

The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Monthly pension contributions are made in respect of UAE National employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Finance Department, represented by the Abu Dhabi Retirement Pensions and Benefits Fund.

(o) Foreign currency

Transactions in foreign currencies are translated to the respective functional currency of the Group at exchange rates at the dates of the transactions.

3 Summary of significant accounting policies *(continued)*

(o) Foreign currency *(continued)*

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate on the date that the fair values are determined.

The resulting exchange differences are recorded in the profit or loss as foreign currency gains or losses except for those non-monetary items whose fair value change is recorded as a component of shareholders' equity.

(p) Financial assets

All financial assets are recognised and derecognised on a trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

The Group made an early adoption of IFRS 9 in 2009.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value.

Classification of financial assets
The Group had the following financial assets as at 31 December 2016: 'cash and cash equivalents', 'loans and receivables', 'investments held at fair value through profit or loss (FVTPL)' and 'investments held at fair value through other comprehensive income (FVTOCI.)'. The Group does not hold any held to maturity investments as at 31 December 2016.

Cash and cash equivalents
Cash and cash equivalents which include cash on hand and deposits held at call with banks with original maturities of three months or less, are classified as financial assets at amortised cost. For the purpose of the statement of cash flows, bank overdrafts are included in cash and cash equivalents.

Loans and receivables
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Investments held at FVTPL
Financial assets are classified as at fair value though profit and loss (FVTPL) where the financial asset is either held for trading or designated as at FVTPL.

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) at initial recognition as described below.

3 Summary of significant accounting policies *(continued)*

(p) Financial assets *(continued)*

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments held at FVTOCI
At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value revaluation reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the net investment and other income line item in the profit or loss.

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

(q) Impairment

(i) Non-derivative financial assets
Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

3 Summary of significant accounting policies *(continued)*

(q) Impairment *(continued)*

(ii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property and inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows (cash generating unit, or CGU) from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(r) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3 Summary of significant accounting policies *(continued)*

(s) New and amended International Financial Reporting Standards (IFRS) in issue but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 15 Revenue from contract with customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group is assessing the potential impact on its financial statements resulting from the application of IFRS-15.

IFRS 16 Leases
IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

4 Critical accounting judgements and key sources of estimation uncertainty

(a) Critical judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Classification of properties

In the process of classifying properties, management has made various judgments. Judgment is needed to determine whether a property qualifies as an investment property, property plant and equipment and/or property held for resale. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property plant and equipment and land held for resale. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2, IAS 16 and IAS 40, in particular, the intended usage of property as determined by management.

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

(a) Critical judgments in applying the Group's accounting policies *(continued)*

Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI, FVTPL or amortised cost. In making a judgement whether investments in securities are as at FVTOCI, FVTPL or amortised cost, management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments. Management is satisfied that its investments in securities are appropriately classified.

Fair value of unquoted financial instruments

The fair value of financial instruments that are not quoted in active markets is determined by using net asset value per share of the investee based on the latest financial information available to management.

(b) Key sources of estimation uncertainty

Estimate of fair value of investment property

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the management determines the amount within a range of reasonable fair value estimates by considering recent transaction prices or rentals and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing leases and other contracts and (when possible) by external evidence such as current market rent for similar properties in the same or similar locations and conditions, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Management has also identified any differences in the nature, location or condition of the properties, or in the contractual terms of the leases and other contracts, with adjustments made to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at market prices. Such estimation is based on certain assumptions, which are subject to uncertainty and may differ from the actual results.

Allowance for doubtful receivables

Management has estimated the recoverability of trade receivable balances and has considered the allowance required for doubtful receivables. Management has estimated the allowance for doubtful receivables on the basis of prior experience and the current economic environment.

5 Property, plant and equipment

	Warehouse and office buildings AED	Equipment, furniture and fittings AED	Motor vehicles AED	Capital work in progress AED	Total AED
Cost					
1 January 2015	18,772,005	35,583,550	6,129,894	212,692	60,698,141
Additions	-	4,002,232	190,000	1,266,744	5,458,976
Disposals	-	-	(178,000)	-	(178,000)
31 December 2015	**18,772,005**	**39,585,782**	**6,141,894**	**1,479,436**	**65,979,117**
1 January 2016	18,772,005	39,585,782	6,141,894	1,479,436	65,979,117
Additions	-	4,695,988	2,418,884	185,934	7,300,806
Disposals / write-off	(1,818,413)	(11,849,595)	(526,950)	-	(14,194,958)
Assets held for sale (note 12)	-	(1,636,130)	-	-	(1,636,130)
31 December 2016	**16,953,592**	**30,796,045**	**8,033,828**	**1,665,370**	**57,448,835**
Accumulated depreciation and impairment losses					
1 January 2015	17,042,323	30,299,385	5,863,143	-	53,204,851
Charge for the period	175,537	1,671,394	140,010	-	1,986,941
Disposals	-	-	(177,990)	-	(177,990)
Impairment loss	-	430,166	-	-	430,166
31 December 2015	**17,217,860**	**32,400,945**	**5,825,163**	-	**55,443,968**
1 January 2016	17,217,860	32,400,945	5,825,163	-	55,443,968
Charge for the period	154,364	2,009,878	436,078	-	2,600,320
Disposals / write-off	(1,818,403)	(11,845,663)	(448,401)	-	(14,112,467)
Impairment loss	-	1,388,348	2,373	1,257,744	2,648,465
Assets held for sale (note 12)	-	(1,132,036)			(1,132,036)
31 December 2016	**15,553,821**	**22,821,472**	**5,815,213**	**1,257,744**	**45,448,250**
Carrying amount					
31 December 2015	1,554,145	7,184,837	316,731	1,479,436	10,535,149
31 December 2016	**1,399,771**	**7,974,573**	**2,218,615**	**407,626**	**12,000,585**

5 Property, plant and equipment *(continued)*

Included under warehouse and office buildings are warehouses constructed on a leased land in Mina Zayed port in Abu Dhabi ("AUH"). The Group and the Seaport Authority, representing the Government of Abu Dhabi, signed a lease agreement covering the land for a period of 15 years with effect from 1 January 1998. The lease agreement is renewable based on terms to be determined by the Seaport Authority. The contract has been extended for 5 more years effective 1 January 2014.

Included in 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.

During the year, the Group has written off assets from closing certain outlets relating to its restaurant division at an amount of AED 2,397,774 and transferred an amount of AED 504,094 to assets held for sale related to immovable assets.

Furthermore, as Sense Gourmet Food Company P.S.C., a subsidiary of the Group, has incurred losses during the year, the management has carried out an impairment test. For the purpose of the impairment test, the management has considered each outlet to be a separate cash generating unit ("CGU"). The recoverable amount of each outlet was estimated using the present value of the future cash flows expected to be derived from the outlet for a period of 5 years (value in use), using a discount rate of 9.01%. As a result of this assessment, the recoverable amount of one of the outlets was found to be lower than its carrying amount and accordingly an impairment loss in the amount of AED 250,691 was recognised.

6 Intangible assets

	Goodwill AED	Franchise cost AED	Total AED
Cost			
At 1 January 2015	249,637	1,583,187	1,832,824
At 31 December 2015	249,637	1,583,187	1,832,824
At 1 January 2016	249,637	1,583,187	1,832,824
At 31 December 2016	**249,637**	**1,583,187**	**1,832,824**
Accumulated amortisation and impairment losses			
At 1 January 2015	-	463,262	463,262
Charge for the year	-	36,745	36,745
Impairment loss	249,637	-	249,637
At 31 December 2015	**249,637**	**500,007**	**749,644**
At 1 January 2016	249,637	500,007	749,644
Charge for the period	-	36,745	36,745
At 31 December 2016	**249,637**	**536,752**	**786,389**
Carrying amount			
At 31 December 2015	-	1,083,180	1,083,180
At 31 December 2016	-	**1,046,435**	**1,046,435**

7 Investment properties under development

	2016 AED	2015 AED
At 1 January	**44,386,666**	19,688,320
Cost incurred during the year	**904,800**	5,878,170
Gain on revaluation	-	6,000,000
Transfer of land from investment properties *(note 8)*	-	12,820,176
At the end of the year	**45,291,466**	44,386,666

During 2015, the Group requested an external valuation by Chesterton International LLC, an independent appraiser, who has determined the fair value of the investment properties under development using valuation models that utilise sales comparison method that uses market observable inputs and conforms to RICS Valuation – Professional Standards 2014. Based on this valuation, there is an increase in the fair value of these plots of land ("Plots") by AED 6,000 thousands. For details in respect of key assumptions used by the independent appraiser, refer to note 8.

7 Investment properties under development *(continued)*

During the year, the Group has reassessed the fair value of these properties by carrying out an internal valuation and have determined that the fair value is not required to be revised. For details in respect of key assumptions used by the management, refer to note 8.

8 Investment properties

	2016 AED	2015 AED
Abu Dhabi land, commercial and residential building, UAE	**76,035,000**	75,680,000
Leasehold warehouses	**108,390,868**	108,390,867
Land in Abu Dhabi, UAE	**7,000,000**	7,000,000
Residential building in Abu Dhabi, UAE	**79,550,000**	109,000,000
Less: provision for impairment	**(15,000,000)**	(10,000,000)
	255,975,868	290,070,867

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

	2016 AED	2015 AED
As at 1 January	**290,070,867**	283,484,886
Additions	**905,001**	-
Disposals	**(31,360,000)**	(3,500,001)
Transfer of land to investment properties under development *(note 7)*	-	(12,820,176)
(Loss) / gain on revaluation of investment properties	**(3,640,000)**	22,906,158
At 31 December	**255,975,868**	290,070,867

During 2015, the Group requested an external valuation by Chesterton International LLC, an independent appraiser, to perform an assessment of the fair value of the investment properties using valuation models that utilise either sales comparison method or income approach method that uses both market observable and unobservable inputs and conforms to RICS Valuation – Professional Standards 2014. Based on this valuation, there was an increase in the fair value of these plots of land ("Plots") by AED 22,618 thousands.

During 2016, the Group has reassessed the fair value of these properties by carrying out an internal valuation and have determined that the fair value of investment properties have declined by AED 5,000,000.

Some of the investment properties are registered in the name of the Group's Directors for the beneficial ownership of the Group in order to comply with jurisdictional regulations.

i. Fair value hierarchy:

The Group has practice to engage independent appraiser for performing assessment of the fair value of investment property portfolio every three years.

The fair value measurement for revalued investment properties has been categorized as follows:

8 Investment properties *(continued)*

i. Fair value hierarchy: *(continued)*

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investment property	**Level 1**	**Level 2**	**Level 3**
i) Developed	-	**23,550,000**	**178,865,000**
ii) Under-developed	-	**26,924,320**	-
	-	**50,474,320**	**178,865,000**

ii. Valuation technique and significant unobservable inputs (Level 3)

a) Valuation technique:

Discounted cash flows:

The valuation model considers present value of net cash flows to be generated from property, taking into account expected rental growth rate, occupancy rate and estimated operational costs. 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 (prime vs secondary), tenant credit quality and lease terms.

b) Significant unobservable inputs:

- Expected market rental growth rate for year-1 is 0% and year-2 onwards is weighted average 4.3% (2015: year-1 to year-2 is 1% to 4%, year-3 onwards, weighted average: 1.3%);
- Occupancy rate is 100% (2015: year-1 is 100%, weighed average 97.7%);
- Risk adjusted discount rates from year-1 to year-10 is 9.5% and year-11 onwards is 10.5% (2015: year-1 to year-10 is 8% and year-11 onwards is 9%);
- Expected operational costs is 12% - 16% for all years (2015: year-1 to year-10 is 5% - 13% and year-11 onwards is 13% - 15%); and
- Terminal value calculated beyond year-10 considering that rentals will continue till perpetuity.

c) Interrelationship between key observable inputs and fair value measurement:

The estimation value would increase / (decrease) if:

- expected market rental growth were higher / (lower);
- the occupancy rate were higher / (lower); and
- the risk adjusted discount rate were lower / (higher).

8 Investment properties *(continued)*

iii. Valuation technique and significant unobservable inputs (Level 3): *(continued)*

Investment properties amounting to AED 53,561 thousands and investment properties under development amounting to AED 18,367 thousands have not been revalued as these properties have recently been purchased by the Group and as per management's assessment, the cost of these properties approximate their fair value.

9 Financial assets

	2016 AED	2015 AED
Financial assets at fair value through other comprehensive income (FVTOCI)	**187,569,094**	262,892,564
Financial assets held at fair value through profit and loss (FVTPL)	**217,135,489**	130,714,245
	404,704,583	393,606,809

The financial assets at fair value through other comprehensive income at 31 December comprise:

	2016 AED	2015 AED
Investment in quoted UAE equity securities	**167,205,712**	237,588,412
Investment in quoted non - UAE equity securities	**8,306,052**	12,035,070
Investment in unquoted non - UAE equity securities	**9,160,699**	9,175,258
Investment in unquoted UAE equity securities	**2,896,631**	4,093,824
	187,569,094	262,892,564

The financial assets held at fair value through profit or loss comprise:

	2016 AED	2015 AED
Investment in quoted UAE equity securities	**206,917,519**	123,240,975
Investment in quoted non - UAE equity securities	**4,706,970**	7,473,270
Investment in mutual funds*	**5,511,000**	-
	217,135,489	130,714,245

Investment in mutual funds have been held by a related party beneficially on behalf of the Group.

9 Financial assets *(continued)*

The movement in investments was as follows:

	At fair value through profit or loss 2016 AED	**At fair value through other Comprehensive Income 2016 AED**	At fair value through profit or loss 2015 AED	At fair value through other comprehensive income 2015 AED
At 1 January	**130,714,245**	**262,892,564**	119,676,507	343,050,142
Purchase of investments	**167,933,861**	**-**	72,074,282	7,506,764
Disposal of investments	**(88,164,579)**	**(58,675,705)**	(28,798,020)	(17,745,667)
Increase / (decrease) in fair value	**6,651,962**	**(16,647,765)**	(32,238,524)	(69,918,675)
At end of the year	**217,135,489**	**187,569,094**	130,714,245	262,892,564

10 Inventories

	2016 AED	2015 AED
Goods for resale	**22,082,813**	21,644,336
Goods in transit	**2,593,478**	1,249,011
	24,676,291	22,893,347
Less: allowance for slow moving inventories	**(4,533,272)**	(3,936,028)
	20,143,019	18,957,319

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

	2016 AED	2015 AED
At 1 January	**3,936,028**	2,965,548
Charge for the year	**3,736,154**	3,538,615
Reversal during the year	**(3,138,910)**	(2,568,135)
	4,533,272	3,936,028

11 Trade and other receivables

	2016 AED	2015 AED
Trade receivables	**140,809,456**	99,646,621
Less: allowance for impairment of doubtful receivables	**(11,170,782)**	(8,384,963)
	129,638,674	91,261,658
Prepayments	**4,595,355**	3,741,657
Other receivables	**4,562,413**	8,956,274
Less: impairment loss on other receivables	**(1,882,271)**	(1,882,271)
	136,914,171	102,077,318

Trade receivables represent the amounts due from sales of goods. The average credit period on sale of goods or services is 90 days. No interest is charged on the trade receivables.

Out of the trade receivables balance at the end of the year, 64% is due from one customer *(2015: 56% due from one customer)*.

Trade receivables that are less than one year past due are not considered impaired. As of 31 December 2016, trade receivables amounting to AED 11,309 thousands *(2015: AED 26,760 thousands)* were past due but not impaired. A balance from a particular customer is past due for more than one year but is not considered impaired, except for a long outstanding balance amounting to AED 2,874 thousands which management consider impaired, as this customer is a governmental body which has no history of default, and the Company continues to collect the amounts from the customer.

The average age of these receivables is 240 days *(2015: 163 days)*.Ageing of past due but not impaired:

	2016 AED	2016 AED	2015 AED	2015 AED
61 – 90 days	**9,244,839**	-	8,460,789	-
91 – 180 days	**24,484,371**	-	18,444,158	-
181 – 365 days	**13,425,220**	-	14,654,971	-
More than 365 days	**11,309,292**	**(2,874,335)**	26,760,435	(2,874,335)
Total	**58,463,722**	**(2,874,335)**	68,320,353	(2,874,335)

11 Trade and other receivables *(continued)*

Movement in the allowance for doubtful trade receivables:

	2016 AED	2015 AED
At beginning of the year	**8,384,963**	5,620,260
Charge for the year	**2,785,819**	4,558,515
Reversal during the year	**-**	(1,793,812)
At the end of the year	**11,170,782**	8,384,963

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the Board of Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in the allowance for doubtful other receivables:

	2016 AED	2015 AED
At 1 January	**1,882,271**	1,882,271
At end of the year	**1,882,271**	1,882,271

12 Assets held for sale

In November 2016, management committed to a plan to sell specific movable office equipment and furniture. Accordingly, such assets are presented as held for sale. Efforts to sell the assets have started and a sale is expected by June 2017.

13 Share capital

	2016 AED	2015 AED
Authorised, allotted, issued and fully paid:		
100 million shares of AED 1 each	**100,000,000**	100,000,000

The Group has not purchased any shares during the year ended 31 December 2016 *(31 December 2015: Nil)*.

14 Legal reserve

In accordance with the Articles of Association of the Company, as amended, and in line with the with Article 103 of the UAE Federal Law No.2 of 2015, the Company is required to transfer annually to a legal reserve account an amount equal to 10% of its net profit, until such reserve reaches 50% of the issued and fully paid-up share capital of the Company. This reserve is not available for distribution.

15 Regulatory reserve

In accordance with Clause 48 of the Company's Articles of Association, the regulatory reserve account is created by appropriation from the net profit at a rate to be approved by the General Assembly based on proposal of the Board of Directors.

16 Dividends

A cash dividend of AED 15,000 thousand has been proposed by the Board of Directors, representing 15% of the issued share capital *(2015: AED 15,000 thousands , representing 15% of the issued share capital).*

17 Provision for employees' end of service benefits

	2016 AED	2015 AED
At 1 January	**3,701,063**	**3,047,828**
Charge for the year	**1,016,402**	**1,096,515**
Payments during the year	**(421,654)**	**(443,280)**
At 31 December	**4,295,811**	**3,701,063**

18 Loans and borrowings

	Current		**Non-current**	
	2016 AED	2015 AED	**2016 AED**	2015 AED
Secured – at amortised cost				
Bank overdrafts	**251,873,035**	297,669,354	-	-
Term loan # 1 (i)	**1,573,000**	1,573,000	**4,454,113**	6,027,113
Term loan # 2 (iii)	**5,770,541**	6,173,446	-	5,388,869
Term loan # 3 (iv)	**6,000,000**	6,000,000	**3,000,000**	9,000,000
Term loan # 4 (ii)	**2,666,667**	-	**4,666,588**	-
Term loan # 5 (v)	**11,250,000**	-	**33,750,000**	-
	279,133,243	311,415,800	**45,870,701**	20,415,982

The bank overdrafts are repayable on demand.

18 Loans and borrowings *(continued)*

(i) Term loan # 1 amounting to AED 25,000 thousands was obtained in June 1993 from the Department of Social Services and Commercial Buildings (DSSCB) of the Government of Abu Dhabi, and is secured by a charge over the commercial and residential building. The loan is repayable in annual instalments of AED 1,573 thousands each starting from January 1999 and ending on February 2021 through Abu Dhabi Commercial Properties (ADCP), which now manages the DSSCB's property loans.

(ii) Term loan # 2 in the amount of AED 32,000 thousands was obtained in November 2011 from a local bank. The loan is repayable in quarterly instalments of AED 1,543 thousands each starting from 15 November 2011 and ending on 15 November 2017. It is secured by a first degree mortgage over the commercial and residential buildings.

(iii) Term loan # 3 in the amount of AED 30,000 thousands was obtained in August 2013 from a local bank. The loan is repayable in quarterly instalments of AED 1,500 thousands each starting from 26 August 2013 and ending on 30 June 2018. It is secured by a first degree mortgage over the commercial and residential buildings.

(iv) Term loan # 4 in the amount of AED 8,000 thousands was converted from an existing overdraft to a long term loan in September 2016. The loan is repayable in annual instalments of AED 2,667 thousands.

(v) Term loan # 5 in the amount of AED 50,000 thousands was obtained in May 2016 from a local bank. The loan is repayable in semi-annual instalments of within a maximum period of 4 years. It is secured by a registered ledge over shares for an amount of AED 100,000 thousand.

The average interest rates during the year were as follows:

	2016 and 2015
Bank overdrafts	1 month EIBOR + margin
Term loans	3 month EIBOR + margin
Term loans – DSSCB (through ADCP)	3% fixed rate per annum

19 Trade and other payables

	2016 AED	2015 AED
Trade payables	**50,778,470**	28,192,841
Accruals	**10,097,092**	10,211,748
Other payables	**8,575,395**	32,205,441
	69,450,957	70,610,030

20 Income from trading

	2016 AED	2015 AED
Sale of goods	**205,011,381**	193,844,618
Management fees	**16,000,000**	16,000,000
	221,011,381	209,844,618

21 Income from investment properties

	2016 AED	2015 AED
Operating rental income	**37,929,793**	40,424,239
Fair value (loss) / gain on investment properties	**(3,640,000)**	28,906,158
	34,289,793	69,330,397

22 Income from investments

	2016 AED	2015 AED
Dividend income	**29,736,879**	35,872,809
Net changes in fair value of investments held at FVTPL *(note 9)*	**6,651,962**	(32,238,524)
	36,388,841	3,634,285

23 Selling, general and administrative expenses

	2016 AED	2015 AED
Selling and distribution expenses	**34,049,826**	33,688,530
General and administrative expenses	**7,467,871**	3,757,661
Write-off of property, plant and equipment	**4,021**	-
Impairment loss on trade receivables	**1,615,372**	4,558,515
Impairment loss on property and equipment	**2,648,465**	430,166
Impairment loss on goodwill	**-**	249,637
	45,785,555	42,684,509

24 Profit for the year

Profit for the year is arrived at after charging the following

	2016 AED	2015 AED
Staff costs	**31,987,206**	29,155,908
Depreciation of property, plant and equipment	**2,600,320**	1,986,941
Amortisation of intangible assets	**36,745**	36,745
Operating rental expenses	**10,724,739**	10,871,829

25 Basic and diluted earnings per share

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

	2016	2015
Profit attributable to owners of the Company (AED)	**56,941,698**	55,306,097
Weighted average number of shares on issue	**100,000,000**	100,000,000
Earnings per share (AED)	**0.57**	0.55

The Group does not have potentially dilutive shares and accordingly, diluted earnings per share equals to basic earnings per share.

26 Related parties

In the ordinary course of business the Group enters into transactions at agreed terms and conditions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. The Company has a related party relationship with the Group entities, its executive officers and business entities over which they can exercise significant influence or which can exercise significant influence over the Group.

Transactions and balances with related parties
The related party transactions, outstanding balances and related income and expenses were as follows:

	2016 AED	2015 AED
Amounts due from related parties:		
Board of directors	**451,146**	286,864
Shareholders	**199,111**	92,935
	650,257	379,799
Amounts due to related parties:		
Shareholders	**1,180,654**	163,164
Board of directors	**4,200,000**	4,000,000
	5,380,654	4,163,164

Significant transactions with related parties comprised:

	2016 AED	2015 AED
Sales	**1,068,850**	420,339
Purchases and other charges	**1,764,080**	1,338,933

Key management personnel compensation
The remuneration of Directors and other members of key management during the year were as follows:

	2016 AED	2015 AED
Management compensation	**2,298,279**	2,298,279
Director's remuneration	**4,200,000**	4,000,000

Directors' remuneration

In accordance with Clauses 29 and 48 of the Articles of Association of the Company, as amended, the annual remuneration of the Board of Directors should be determined by the General Assembly at a rate not to exceed 10% of the net profit of the Company for the year. The Directors' remuneration in the amount of AED 4,200,000 *(2015: AED* 4,000,000*)* is proposed by Board of Directors, subject to the approval of the General Assembly.

27 Financial instruments

(a) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

Gearing ratio

The Group's management reviews the capital structure on a regular basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

	2016	2015
	AED	AED
The gearing ratio as at 31 December was as follows:		
Net debt (i)	**323,893,701**	325,312,486
Equity (ii)	**476,727,989**	455,414,441
Debt to equity ratio	**0.68:1**	0.71:1

(i) Net debt is defined as long and short term borrowings as detailed in note 18, reduced by cash and bank balances.

(ii) Equity includes all capital and reserves of the Group attributable to owners.

(b) Financial risk management objectives

The Group is exposed to the following risks related to financial instruments- credit risk, liquidity risk, currency risk, interest rate risk, price risk and fair value interest rate risk. The Group does not enter into or trade in financial instruments, including derivative financial instruments, for speculative or risk management purposes.

(c) Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates (as illustrated in note 27 (e).

(d) Foreign currency risk management

Currency risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets the reporting date are as follows:

27 Financial instruments *(continued)*

(d) Foreign currency risk management *(continued)*

	USD	EGP	BHD	PSTG	OMR	SYP	Total
At 31 December 2016 (in thousands)							
Financial assets	7,589	1,425	7,321	2,304	1,378	7,667	27,684
At 31 December 2015 (in thousands)							
Financial assets	4,805	1,213	9,259	6,708	1,441	5,965	29,391

Based on the sensitivity analysis to a 10% increase/decrease in the AED against the relevant foreign currencies (assumed outstanding for the whole year) there will be:

- no impact on USD as the UAE Dirham is pegged to the US Dollar;
- AED 142.5 thousands *(2015: AED 121.1 thousands)* net revaluation gain/loss on the EGP;
- AED 732.1 thousands *(2015: AED 925.9 thousands)* net revaluation gain/loss on the BHD;
- AED 230.4 thousands *(2015: AED 670.8 thousands)* net revaluation gain/loss on the PSTG;
- AED 137.8 thousands *(2015: AED 144.1 thousands)* net revaluation gain/loss on the OMR; and
- AED 766.7 thousands *(2015: AED 596.5 thousands)* net revaluation gain/loss on the SYP.

(e) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates risk on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used to represent management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Group's Profit for the year ended 31 December 2016 would decrease / increase by AED 1,549 thousands *(2015: decrease / increase by AED 1,370 thousands)*. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(f) Other price risks

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

27 Financial instruments *(continued)*

(f) Other price risks *(continued)*

Equity price sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If equity prices had been 10% higher / lower: The Group's equity reserves would increase / decrease by AED 40,470 thousands *(2015: increase / decrease by AED 39,361 thousands)* as a result of the Group's portfolio classified as both FVTPL and FVOCI.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of trade and other receivables and cash and cash equivalents represents the Group's maximum exposure to credit risk.

(h) Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Less than 1 year AED '000	1 - 3 years AED '000	3 - 5 years AED '000	More than 5 years AED '000	Total AED '000
2016						
Interest bearing	**3-4.5**	**278,934**	**45,793**	**277**	**-**	**325,004**
Non-interest bearing		**69,451**	**-**	**-**	**-**	**69,451**
		348,385	**45,793**	**277**	**-**	**394,455**
2015						
Interest bearing	1.5-4.5	302,216	28,213	1,403	-	331,832
Non-interest bearing		74,773	-	-	-	74,773
		376,989	28,213	1,403	-	406,605

27 Financial instruments *(continued)*

(h) Liquidity risk management *(continued)*

The Group has access to financing facilities, the total unused amount is AED 156,999 thousand *(2015: AED* 135,893 *thousand)* at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

(i) Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities presented in the consolidated statement of financial position approximate their fair values.

The fair value of the Group's financial assets and liabilities approximates their carrying amounts as stated in the consolidated financial statements.

Fair value measurements are recognised in the consolidated statement of financial position.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2016

	Level 1 AED	**Level 2 AED**	**Total AED**
Investments at FVTPL			
Quoted shares	**211,624,489**	**-**	**211,624,489**
Mutual funds	**-**	**5,511,000**	**5,511,000**
Investments at FVTOCI			
Quoted shares	**175,511,764**	**-**	**175,511,764**
Unquoted shares	**-**	**12,057,330**	**12,057,330**
Total	**387,136,253**	**17,568,330**	**404,704,583**

31 December 2015

	Level 1 AED	Level 2 AED	Total AED
Investments at FVTPL			
Quoted shares	130,714,245	-	130,714,245
Investments at FVTOCI			
Quoted shares	250,137,160	-	250,137,160
Unquoted shares	-	12,755,404	12,755,404
Total	380,851,405	12,755,404	393,606,809

27 Financial instruments *(continued)*

(i) Fair value of financial assets and liabilities *(continued)*

The total gains or losses for the year included a loss of AED 6,060 thousands relating to assets held at the end of the reporting period (2015: loss of AED 32,206 thousands). These were included within the profit or loss.

All gain and losses included in other comprehensive income relate to quoted and unquoted shares held at the end of the reporting period and are reported as changes in 'Fair value reserve'.

28 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 senior management 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) FOODCO Holding P.J.S.C. which is engaged in the import and distribution of foodstuffs and household items;

(ii) 5PL Logistics LLC which is engaged in the marine, air and land shipment services along with management and operation of store and warehouses;

(iii) Sense Gourmet Food Company P.S.C. which is engaged in the provision of catering services and Figaro's Pizza Restaurant Business; and

(iv) Oasis National Foodstuff Company L.L.C. which is engaged in packing and repacking of food products.

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

Information regarding these segments is presented below:

31 December 2016

	FOODCO Holding PJSC AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company PJSC AED	Oasis National Company LLC AED	Eliminations AED	Consolidated AED
Income – external	271,757,956	9,071,043	10,823,932	37,084	-	291,690,015
Income – internal	3,924,995	611,519	-	95,740	(4,632,254)	-
Interest expense	14,896,111	-	249,668	-	(249,668)	14,896,111
Depreciation and amortisation	1,094,447	466,195	1,068,368	8,055	-	2,637,065
Impairment loss	-	-	2,648,465	-	-	2,648,465
Profit / (loss) for the year	70,044,313	(5,149,204)	(8,136,041)	(71,140)	(3,941,172)	52,746,756

28 Segment information *(continued)*

31 December 2015

	FOODCO Holding PJSC AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company PJSC AED	Oasis National Company LLC AED	Eliminations AED	Consolidated AED
Income – external	265,017,102	79,172	17,713,026	-	-	282,809,300
Income – internal	2,320,340	931,944	121,878	406,989	(3,781,151)	-
Interest expense	13,558,264	-	272,076	-	(121,878)	13,708,462
Depreciation and amortisation	663,553	-	1,352,735	7,398	-	2,023,686
Impairment loss	-	-	679,803	-	-	679,803
Profit / (loss) for the year	61,600,665	(2,620,780)	(6,564,515)	(372,059)	(121,878)	51,921,433

The segment assets and liabilities are as follows:

31 December 2016

	Foodco Holding PJSC AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company PJSC AED	Oasis National Foodstuff Company LLC AED	Elimination AED	Consolidated AED
Assets	**897,116,522**	**9,363,408**	**11,306,301**	**1,848,633**	**(41,294,143)**	**878,340,721**
Liabilities	**410,998,493**	**17,133,392**	**10,777,251**	**340,709**	**(35,118,479)**	**404,131,366**
Capital expenditure	**5,225,800**	**1,435,042**	**577,514**	**62,450**	**-**	**7,300,806**

28 Segment information *(continued)*

31 December 2015

	Foodco Holding PJSC AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company PJSC AED	Oasis National Foodstuff Company LLC AED	Eliminations AED	Consolidated AED
Assets	879,179,107	2,407,272	21,101,934	2,201,987	(37,273,897)	867,616,403
Liabilities	417,470,098	5,028,052	12,424,814	622,932	(25,239,857)	410,306,039
Capital expenditure	737,497	2,300,063	2,421,416	-	-	5,458,976

Geographic information:

The segments of the Group are managed and operated locally, therefore, no geographical information is presented in these consolidated financial statements.

All non-current assets of the Group as at 31 December 2016 are located in United Arab Emirates.

100 percent of the gross sales of the Group are made to customers located in United Arab Emirates.

Major Customer:

Revenues from one customer of the Group's FOODCO Holding PJSC segment represented approximately AED 115,482 thousands of the Group's total revenues.

29 Contingencies and commitments

	2016 AED	2015 AED
Letters of credit	**1,409,002**	-
Bank guarantees	**45,186,394**	45,180,831

Letter of credit and bank guarantees were issued in the normal course of business.

The Group has capital commitments of AED 385 thousands as at 31 December 2016 *(2015: AED* 622 thousands*)*

30 Group entities

The following table summarises the information relating to the Group's subsidiary that has material non-controlling interests (NCI), before any intra-group eliminations.

Sense Gourmet Food Company P.S.C.

NCI percentage	**51.56%** **2016** **AED**
Investments held at fair value through other comprehensive income	3,574,203
Trade and other receivables	1,897,425
Property, plant and equipment	1,360,687
Trade and other payables	2,810,097
Net assets	**529,050**
Revenue	10,823,932
Loss for the period	8,136,041
Total comprehensive loss	8,561,981
Loss allocated to NCI	4,414,557
Net cash used in operating activities	331,315
Net cash used in investing activities	207,130
Net used in financing activities before dividend to NCI	249,668
Net decrease in cash and cash equivalents	**788,113**

Sense Gourmet Food Company P.S.C. has its principal place of business in United Arab Emirates.

31 Cash and cash equivalents

Cash in hand and at bank	**1,110,243**	6,519,296
Cash and cash equivalents for the purpose of statement of financial position	**1,110,243**	6,519,296
Less: bank overdraft *(refer note 18)*	**(251,873,035)**	(297,669,354)
Cash and cash equivalents for the purpose of statement of cash flows	**(250,762,792)**	(291,150,058)

31 Cash and cash equivalents *(continued)*

The movement in cash and cash equivalents is as follows:

	2016 AED	2015 AED
Cash and cash equivalents at 31 December*	**(250,762,792)**	(291,150,058)
Cash and cash equivalents at 1 January*	**(291,150,058)**	(272,136,962)
Net increase / (decrease) in cash and cash equivalents	**40,387,266**	(19,013,096)

* During the year the Group has revised its accounting policy in relation to cash and cash equivalents, effective from 1 January 2016. In accordance with the revised policy bank overdraft has been included in cash and cash equivalents for the purpose of the statement of cashflows and accordingly has been reclassified from the statement of cashflows from investing activities to cash and cash equivalents.

32 Subsequent events

Subsequent to the reporting date, cash dividend of AED 15,000 thousands has been proposed by the Board of Directors, representing 15% of the issued share capital *(2015: AED 15,000 thousands, representing 15% of the issued share capital).*