

# **Zee Store LLC**

INTERIM CONDENSED FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2020

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF ZEE STORE LLC**

*Introduction*

We have reviewed the accompanying interim condensed financial statements of Zee Store LLC (the “Company”) as at 30 September 2020, comprising of the interim condensed statement of financial position as at 30 September 2020, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

*Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

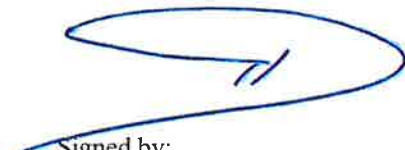
*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

*Other matter*

The accompanying interim condensed financial statements represent the first interim condensed financial statements prepared by the Company. Accordingly, interim condensed statements of comprehensive income, changes in equity and cash flows for the nine months period ended 30 September 2019 and explanatory notes, were not reviewed by an auditor and are presented for comparison purposes only.

The financial statements of the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 April 2020.



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

17 November 2020  
Abu Dhabi

Zee Store LLC

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION  
At 30 September 2020

		<i>(Unaudited)</i> <b>30 September</b> 2020 <i>AED</i>	<i>(Audited)</i> <b>31 December</b> 2019 <i>AED</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	16,337,814	15,342,758
Right-of-use assets		<u>7,128,729</u>	<u>7,246,689</u>
		<u>23,466,543</u>	<u>22,589,447</u>
<b>Current assets</b>			
Inventories	5	9,910,890	5,610,869
Trade and other receivables		9,564,647	7,651,368
Amounts due from related parties	12.2	97,784,490	93,238,771
Cash and bank balances	6	<u>48,158,120</u>	<u>62,349,605</u>
		<u>165,418,147</u>	<u>168,850,613</u>
<b>TOTAL ASSETS</b>		<u><b>188,884,690</b></u>	<u><b>191,440,060</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7	1,000,000	1,000,000
Contributed capital	8	12,294,193	12,294,193
Statutory reserve	9	500,000	500,000
Retained earnings		<u>138,788,276</u>	<u>125,836,166</u>
<b>Total equity</b>		<u><b>152,582,469</b></u>	<u><b>139,630,359</b></u>
<b>Non-current liabilities</b>			
Employees' end of service benefit		3,744,395	3,318,741
Lease liability		<u>7,261,099</u>	<u>7,237,500</u>
		<u>11,005,494</u>	<u>10,556,241</u>
<b>Current liabilities</b>			
Trade and other payables		23,574,254	38,672,743
Amounts due to related parties	12.2	1,429,740	2,296,511
Lease liability		<u>292,733</u>	<u>284,206</u>
		<u>25,296,727</u>	<u>41,253,460</u>
<b>Total liabilities</b>		<u><b>36,302,221</b></u>	<u><b>51,809,701</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>188,884,690</b></u>	<u><b>191,440,060</b></u>

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

The attached notes 1 to 18 form part of these interim condensed financial statements



## Zee Store LLC

### INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months period ended 30 September 2020

		<i>Nine months ended</i>	
		<i>30 September</i>	
	<i>Notes</i>	<i>2020</i>	<i>2019</i>
		<i>AED</i>	<i>AED</i>
Revenue from contracts with customers	14	<b>204,181,340</b>	230,052,580
Cost of sale		<b>(182,709,996)</b>	(207,114,404)
<b>Gross profit</b>		<b>21,471,344</b>	22,938,176
General and administrative expense		<b>(8,707,935)</b>	(8,751,690)
Finance cost		<b>(355,103)</b>	(40,292)
Other income		<b>543,804</b>	127,128
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b><u>12,952,110</u></b>	<u>14,273,322</u>
<b>Basic earnings per share</b>	10	<b><u>129.5</u></b>	<u>142.7</u>

The attached notes 1 to 18 form part of these interim condensed financial statements.

## Zee Store LLC

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 September 2020

	<i>Share capital AED</i>	<i>Contributed capital AED</i>	<i>Statutory reserve AED</i>	<i>Retained earnings AED</i>	<i>Total equity AED</i>
Balance at 1 January 2019 (audited)	1,000,000	12,294,193	500,000	113,199,713	126,993,906
Total comprehensive income for the period	-	-	-	14,273,322	14,273,322
Dividends (note 11)	-	-	-	(6,000,000)	(6,000,000)
Balance at 30 September 2019 (unaudited)	<u>1,000,000</u>	<u>12,294,193</u>	<u>500,000</u>	<u>121,473,035</u>	<u>135,267,228</u>
Balance at 1 January 2020 (audited)	1,000,000	12,294,193	500,000	125,836,166	139,630,359
Total comprehensive income for the period	-	-	-	12,952,110	12,952,110
Balance at 30 September 2020 (unaudited)	<u>1,000,000</u>	<u>12,294,193</u>	<u>500,000</u>	<u>138,788,276</u>	<u>152,582,469</u>

The attached notes 1 to 18 form part of these interim condensed financial statements.

# Zee Store LLC

## INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 30 September 2020

	Notes	Nine months ended 30 September	
		2020 AED	2019 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		12,952,110	14,273,322
Adjustments for:			
Depreciation of property, plant and equipment	4	1,419,060	2,116,273
Amortisation of right of use asset		117,960	-
Gain on disposal of property, plant and equipment		-	(15,000)
Provision for employees' end of service benefits		500,997	265,739
Allowance for expected credit losses		40,000	297,506
Finance costs		<u>355,103</u>	<u>40,292</u>
		15,385,230	16,978,132
Working capital changes			
(Increase) decrease in inventories		(4,300,021)	1,052,826
(Increase) decrease in trade and other receivables		(1,953,279)	1,579,899
(Increase) decrease in due from related parties		(4,545,719)	38,514,420
Decrease in trade and other payables		(15,098,489)	(17,510,763)
Decrease in due to related parties		<u>(866,771)</u>	<u>(495,178)</u>
Cash (used in) generated from operations		<u>(11,379,049)</u>	<u>40,119,336</u>
Employees' end of service benefits paid		(75,343)	(97,102)
Finance cost paid		<u>(38,770)</u>	<u>(40,292)</u>
Net cash (used in) generated from operating activities		<u>(11,493,162)</u>	<u>39,981,942</u>
<b>INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment	4	(2,414,117)	(1,926,953)
Proceeds from sale of property, plant and equipment		<u>-</u>	<u>15,000</u>
Net cash used in investing activities		<u>(2,414,117)</u>	<u>(1,911,953)</u>
<b>FINANCING ACTIVITIES</b>			
Dividend paid		-	(6,000,000)
Payment against lease liability		<u>(284,206)</u>	<u>-</u>
Net cash used in financing activities		<u>(284,206)</u>	<u>(6,000,000)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>(14,191,485)</b>	<b>32,069,989</b>
Cash and cash equivalents at beginning of the period		<u>62,349,605</u>	<u>29,148,238</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	6	<b><u>48,158,120</u></b>	<b><u>61,218,227</u></b>

The attached notes 1 to 18 form part of these interim condensed financial statements.

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2020 (Unaudited)

### 1 GENERAL INFORMATION

Zee Store LLC was a partnership registered in the Emirate of Abu Dhabi, United Arab Emirates. On 17 March 2008, the legal status of the partnership was changed to a limited liability company and the name was consequently changed to Zee Store LLC (“the Company”).

The registered address of the Company is P.O. Box 53314, Abu Dhabi, United Arab Emirates.

The principal activities of the Company include the trading and importing of fresh consumables, canned, preserved and frozen foods.

The interim condensed financial statements were approved by the Board of Directors and authorised for issue on 17 November 2020.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The interim condensed financial statements do not include all information and disclosures required in the annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the audited financial statements as at 31 December 2019. In addition, results for the period ended 30 September 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

The interim condensed financial statements have been prepared on a historical cost basis. The financial statements have been presented in United Arab Emirates Dirhams (“AED”), which is the functional and presentation currency of the Company.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those applied by the Company in the preparation of the financial statements as at and for the year ended 31 December 2019, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform;
- Amendments to IFRS 16: Covid-19 related rent concession;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Conceptual Framework for Financial Reporting\*.

\* The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

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

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2020 (Unaudited)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued**3.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the interim condensed financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the financial statements as at and for the year ended 31 December 2019.

**4 PROPERTY, PLANT AND EQUIPMENT**

During the period, additions to property, plant and equipment amounted to AED 2,414,120 (nine months period ended 30 September 2019: AED 1,926,953) and depreciation and impairment charge for the nine months period ended 30 September 2020 amounted to AED 1,419,060 (nine months period ended 30 September 2019: AED 2,116,273).

**5 INVENTORIES**

	<i>(Unaudited)</i> 30 September 2020 AED	<i>(Audited)</i> 31 December 2019 AED
Food items	8,424,256	4,769,239
Non-food items	<u>1,486,634</u>	<u>841,630</u>
	<u>9,910,890</u>	<u>5,610,869</u>

**6 CASH AND BANK BALANCES**

	<i>(Unaudited)</i> 30 September 2020 AED	<i>(Audited)</i> 31 December 2019 AED
Cash on hand	200,000	33,054
Cash at bank - current account	<u>47,958,120</u>	<u>62,316,551</u>
Cash and bank balance	<u>48,158,120</u>	<u>62,349,605</u>

Cash and cash equivalents as at 30 September 2019 (unaudited) amounted to AED 61,218,227.

# Zee Store LLC

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2020 (Unaudited)

### 7 SHARE CAPITAL

	<i>(Unaudited)</i> 30 September 2020 AED	<i>(Audited)</i> 31 December 2019 AED
<i>Authorised, issued and fully paid</i>		
100,000 shares of AED 10 each		
(31 December 2019: 100,000 shares of AED 10 each)	<u>1,000,000</u>	<u>1,000,000</u>

### 8 CONTRIBUTED CAPITAL

Contributed capital represents a long-term interest free advance from shareholders with no fixed terms of repayment. The shareholders have confirmed that this will not be called in the foreseeable future, and that, on dissolution of the company, the rights, benefits and obligations in the residual net assets and liabilities, attached to the balance in the additional shareholder contribution account, shall rank *Pari passu* with those attached to the share capital of the company. Therefore, this advance is more akin to an equity instrument rather than a liability, and accordingly the balance has been presented within equity.

### 9 STATUTORY RESERVE

In accordance with United Arab Emirates Federal Law No. (2) of 2015 and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

### 10 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period attributable to the owners of the Company by the weighted average number of shares in issue throughout the period as follows:

	<i>Nine months ended</i> 30 September	
	<i>(Unaudited)</i> 2020	<i>(Unaudited)</i> 2019
Profit attributable to the owners of the Company (AED)	<u>12,952,110</u>	<u>14,273,322</u>
Weighted average number of shares (shares)	<u>100,000</u>	<u>100,000</u>
Basic earnings per share for the period (AED)	<u>129.5</u>	<u>142.7</u>

### 11 DIVIDENDS

During the nine months period ended 30 September 2019, the Company distributed dividend of AED 60 per share amounting to AED 6,000,000.

## Zee Store LLC

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2020 (Unaudited)

#### 12 RELATED PARTY BALANCES AND TRANSACTIONS

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard (IAS) 24 *Related Party Disclosures*.

Related parties mainly comprise the Company's major shareholders, directors and entities related to them, companies under common ownership and/or common management and control, their partners and key management personnel.

##### 12.1 Transactions

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

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
<i>Transactions with The Private Affairs Department of Sheikha Fatima</i>		
Revenue	<b>140,261,749</b>	158,739,091
<i>Transactions with other related parties</i>		
Revenue	<b>43,007,700</b>	54,903,449
Purchases of goods and services	<b>4,281,506</b>	4,337,314

Transactions with related parties were entered into on terms agreed with the management.

##### 12.2 Balances

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

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
<i>Amounts due from related parties</i>		
The Private Affairs Department of Sheikha Fatima	<b>73,189,195</b>	52,354,150
Meena Holding LLC	<b>16,672,436</b>	25,751,788
Sarha Ship	<b>1,984,822</b>	2,982,061
Al Yasat Catering and Restaurant Supplies LLC	<b>1,233,029</b>	4,542,435
H.H. Sheikh Hamdan Bin Zayed Al Nahyan	<b>487,350</b>	238,427
Office of H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	<b>372,544</b>	672,099
H.H. Sheikh Abdulla Bin Zayed Al Nahyan	<b>362,694</b>	1,485,158
Cine Royal Cinema LLC	<b>191,545</b>	194,851
Others	<b>3,896,615</b>	5,383,656
National Projects and Construction LLC	-	285,315
Allowance for expected credit loss	<b>(605,740)</b>	(651,169)
	<b><u>97,784,490</u></b>	<b><u>93,238,771</u></b>

## Zee Store LLC

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

30 September 2020 (Unaudited)

#### 12 RELATED PARTY BALANCES AND TRANSACTIONS continued

##### 12.2 Balances continued

	<i>(Unaudited)</i> <b>30 September</b> 2020 AED	<i>(Audited)</i> <b>31 December</b> 2019 AED
<i>Amounts due to related parties</i>		
H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	400,000	400,000
ASMAK	924,531	-
Al Ajaban Poultry LLC	-	347,327
Others	<u>105,209</u>	<u>1,549,184</u>
	<u><b>1,429,740</b></u>	<u><b>2,296,511</b></u>

##### 12.3 Key management remuneration

	<i>Nine months ended</i> <b>30 September</b>	
	<i>(Unaudited)</i> 2020 AED	<i>(Unaudited)</i> 2019 AED
Salaries and short-term benefits	2,236,909	2,438,878
End of service benefits	<u>63,667</u>	<u>63,434</u>
	<u><b>2,300,576</b></u>	<u><b>2,502,312</b></u>

#### 13 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Unaudited)</i> <b>30 September</b> 2020 AED	<i>(Audited)</i> <b>31 December</b> 2019 AED
Letters of guarantee	<u><b>829,803</b></u>	<u>983,403</u>
Capital commitment	<u><b>304,415</b></u>	<u>87,090</u>

The above bank guarantees have been issued from a local bank in the ordinary course of business.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
30 September 2020 (Unaudited)
**14 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue is recognised at a point in time from sale of food and non-food items within United Arab Emirates. There is no unsatisfied obligation as at 30 September 2020 and 2019.

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2020</i>	<i>2019</i>
	<i>AED</i>	<i>AED</i>
Sales of goods	<u><b>204,181,340</b></u>	<u><b>230,052,580</b></u>

**15 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of cash and bank balances, amounts due from related parties and trade and other receivables. Financial liabilities consist of trade and other payables, lease liability and amounts due to related parties.

The fair values of the Company's financial assets and liabilities as at 30 September 2020 are not materially different from their carrying values at the same date.

**16 SEASONALITY OF RESULTS**

The nature of Company's business is such that the income and expenditure are incurred in a manner, which is not impacted by any forms of seasonality. These interim condensed financial statements were prepared based upon accrual concept, which requires income and expenses to be recorded as earned or incurred and not as received or paid throughout the period.

**17 IMPACT OF COVID 19**

The outbreak of novel coronavirus (COVID-19) continues to progress and evolve, causing disruption to business and economic activity. During the period, there has been macro-economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. As per internal assessment made by management, there is no material financial impact of COVID-19 on the Company's businesses for the nine months period ended 30 September 2020.

As the situation is fluid and rapidly evolving, management does not consider it practical to provide a quantitative estimate of the potential impact of this outbreak on the Company's interim condensed financial statements at this stage.

**18 SUBSEQUENT EVENTS**

Subsequent the period end, the shareholders approved the increase in the Company's share capital from AED 1,000,000 to AED 100,000,000, the reduction of the par value per share from AED 10 to AED 1 and the issuance of 99,900,000 new shares. Additionally, the shareholders approved the addition of new shareholders and the distribution of the increased share capital amounting to AED 100,000,000 among the shareholders as documented in the addendum to the Memorandum of Association

Furthermore, subsequent to the period end, the shareholders approved to convert the Company into a private joint stock company. The Company has also initiated the process of getting listed in the secondary market of the Emirate of Abu Dhabi. Legal requirements for the listing are still in process as of the date of the interim condensed financial statements.