



Zee Store PJSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2021

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF ZEE STORE PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Zee Store PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 September 2021, comprising of the interim consolidated statement of financial position as at 30 September 2021, and the related interim consolidated statement of comprehensive income for the three and nine months period then ended and interim consolidated statement of 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 consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, "*Interim Financial Reporting*".



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

24 October 2021
Abu Dhabi

Zee Store PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	<i>Notes</i>	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
		2021 AED	2020 AED	2021 AED	2020 AED
Revenue from contracts with customers	5	128,171,213	66,815,931	409,337,586	204,181,340
Cost of sales		(111,782,437)	(59,504,818)	(354,581,387)	(182,709,996)
Gross profit		16,388,776	7,311,113	54,756,199	21,471,344
General and administrative expenses		(10,403,102)	(2,991,681)	(29,765,793)	(8,707,935)
Finance costs		(694,162)	(123,385)	(1,837,145)	(355,103)
Change in fair value of financial assets carried at fair value through profit or loss	8	6,169,697	-	10,399,697	-
Other income		306,761	433,111	913,302	543,804
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>11,767,970</u>	<u>4,629,158</u>	<u>34,466,260</u>	<u>12,952,110</u>
Attributable to:					
Owners of the Company		11,445,098	4,629,158	32,392,713	12,952,110
Non-controlling interests		322,872	-	2,073,547	-
PROFIT FOR THE PERIOD		<u>11,767,970</u>	<u>4,629,158</u>	<u>34,466,260</u>	<u>12,952,110</u>
Basic earnings per share	13	<u>0.11</u>	<u>0.05</u>	<u>0.32</u>	<u>0.13</u>

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

Zee Store PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 30 September 2021

		(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	6	39,244,426	19,700,743
Intangible assets and goodwill	15	38,553,892	-
Right-of-use assets		<u>14,288,939</u>	<u>7,089,122</u>
		<u>92,087,257</u>	<u>26,789,865</u>
Current assets			
Inventories		30,075,777	8,627,282
Financial assets at fair value through profit of loss	8	27,047,182	-
Trade and other receivables	7	46,844,542	8,393,861
Amounts due from related parties	14	138,622,775	105,763,723
Cash and bank balances	9	<u>66,812,304</u>	<u>160,878,459</u>
		<u>309,402,580</u>	<u>283,663,325</u>
TOTAL ASSETS		<u>401,489,837</u>	<u>310,453,190</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	100,000,000	100,000,000
Contributed capital	10	12,294,193	12,294,193
Statutory reserve	11	1,729,527	1,729,527
Retained earnings		<u>79,770,082</u>	<u>47,377,369</u>
Equity attributable to owners of the Company		<u>193,793,802</u>	<u>161,401,089</u>
Non-controlling interests		<u>24,759,147</u>	<u>-</u>
Total equity		<u>218,552,949</u>	<u>161,401,089</u>
Non-current liabilities			
Provision for employees' end of service benefits		5,290,912	3,821,827
Borrowings	12	2,415,000	-
Lease liabilities		<u>14,529,691</u>	<u>7,369,897</u>
		<u>22,235,603</u>	<u>11,191,724</u>
Current liabilities			
Trade and other payables		72,307,315	54,628,199
Borrowings	12	3,547,306	-
Amounts due to related parties	14	3,558,618	2,939,445
Loan from a related party	14	80,606,667	80,000,000
Lease liabilities		<u>681,379</u>	<u>292,733</u>
		<u>160,701,285</u>	<u>137,860,377</u>
Total liabilities		<u>182,936,888</u>	<u>149,052,101</u>
TOTAL EQUITY AND LIABILITIES		<u>401,489,837</u>	<u>310,453,190</u>

Chief Executive Officer

Chief Financial Officer

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

Zee Store PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	Attributable to equity holders of the Company					Non-	
	Share capital AED	contributed capital AED	Statutory reserve AED	Retained earnings AED	Total AED	controlling interest AED	Total AED
Balance at 1 January 2020 (audited)	1,000,000	12,294,193	500,000	125,836,166	139,630,359		139,630,359
Total comprehensive income for the period	-	-	-	12,952,110	12,952,110	-	12,952,110
Balance at 30 September 2020 (unaudited)	1,000,000	12,294,193	500,000	138,788,276	152,582,469	-	152,582,469
Balance at 1 January 2021 (audited)	100,000,000	12,294,193	1,729,527	47,377,369	161,401,089	-	161,401,089
Acquisition of subsidiaries (note 15)	-	-	-	-	-	22,685,600	22,685,600
Total comprehensive income for the period	-	-	-	32,392,713	32,392,713	2,073,547	34,466,260
Balance at 30 September 2021 (unaudited)	100,000,000	12,294,193	1,729,527	79,770,082	193,793,802	24,759,147	218,552,949

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2021

		<i>Nine months ended</i> <i>30 September</i>	
		<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		34,466,260	12,952,110
Adjustments for:			
Depreciation of property, plant and equipment	6	2,915,716	1,419,060
Amortisation on intangible assets		2,416,918	-
Depreciation of right-of-use assets		397,027	117,960
Gain on change in fair value of financial assets carried at fair value through profit or loss	8	(10,399,697)	-
Provision for expected credit losses on trade receivables	7	736,276	40,000
Provision for expected credit losses on amounts due from related parties	14	57,748	-
Provision for employees' end of service benefits		907,423	500,997
Finance costs		<u>1,837,145</u>	<u>355,103</u>
		33,334,816	15,385,230
Working capital changes			
Increase in inventories		(4,623,446)	(4,300,021)
Increase in trade and other receivables		(20,369,290)	(1,953,279)
Increase in due from related parties		(28,186,784)	(4,545,719)
Decrease in trade and other payables		(8,859,474)	(15,098,489)
Increase (decrease) in due to related parties		<u>1,225,840</u>	<u>(866,771)</u>
Cash used in operations		(27,478,338)	(11,379,049)
Employees' end of service benefits paid		(89,726)	(75,343)
Finance cost paid		<u>(1,359,775)</u>	<u>(38,770)</u>
Net cash used in operating activities		<u>(28,927,839)</u>	<u>(11,493,162)</u>
INVESTING ACTIVITIES			
Addition to property, plant and equipment	6	(10,338,181)	(2,414,117)
Acquisition of subsidiaries	15	(34,456,610)	-
Purchase of financial assets carried at fair value through profit or loss	8	<u>(16,647,485)</u>	<u>-</u>
Net cash used in investing activities		<u>(61,442,276)</u>	<u>(2,414,117)</u>
FINANCING ACTIVITIES			
Proceeds from borrowings	12	10,853,858	-
Repayments of borrowings	12	(14,098,966)	-
Repayment of lease liability		<u>(450,932)</u>	<u>(284,206)</u>
Net cash used in financing activities		<u>(3,696,040)</u>	<u>(284,206)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD			
Cash and cash equivalents at beginning of the period		<u>160,878,459</u>	<u>62,349,605</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	9	<u>66,812,304</u>	<u>48,158,120</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

1 ACTIVITIES

Zee Store PJSC (the “Company”) is a private joint stock company incorporated under the UAE Federal Law No. (2) of 2015. The registered address of the Company is P.O. Box 53314, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The principal activities of the Group include the trading and importing of fresh consumables, canned, preserved and frozen foods and providing re-packaging and wrapping services.

International Holding Company PJSC is the Parent and Royal Group Holding LLC is the Ultimate Parent of the Company.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issuance on 24 October 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020. In addition, results for the nine months period ended 30 September 2021 are not necessarily indicative of the results for the year ending 31 December 2021.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets through profit or loss which are measured at fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the presentation currency of the Group and the functional currency of the Company.

2.2 Basis for consolidation

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Group:

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

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

Details of the Company's subsidiaries as at 30 September 2021 and 31 December 2020 were as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2021	2020
Royal Horizon Holding LLC (i)	United Arab Emirates	Holding Company.	60%	60%
Overseas Foodstuff Trading – Sole Proprietorship LLC (i)	United Arab Emirates	Importing and wholesale of canned and preserved foodstuff trading.	60%	60%
Royal Horizon General Trading – Sole Proprietorship LLC (i)	United Arab Emirates	General trading, retail sale of computer system and software, wholesale of canned and preserved foodstuff trading, importing and exporting, packaging and wrapping of foodstuff.	60%	60%
Royal Horizon Fazzia Stores LLC (i)	United Arab Emirates	Retail and wholesale consumer stores.	60%	60%
Al Ufuq Almalaki General Trading - Sole Proprietorship LLC (i)	United Arab Emirates	General trading, importing, exporting, retail sale of wood products.	60%	60%

(i) Subsidiaries acquired during the period (note 15).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied by the Group in the preparation of the financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

In addition to the accounting policies applied by the Group in its financial statements as at and for the year ended 31 December 2020, the Group has applied the following accounting policies in the preparation of the interim condensed consolidated financial statements due to acquisition of new subsidiaries during the period.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim condensed consolidated 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 consolidated financial statements, the significant judgments made by management in applying the Group'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 2020, except for the following significant estimates and judgements, which management has applied due to acquisition of new subsidiaries during the period.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Impact of novel coronavirus (COVID-19)

The outbreak of COVID-19 continues to progress and evolve, causing disruption to business and economic activity. 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. The Group is monitoring the evolution of the COVID 19 pandemic and will continue to assess further impacts going forward.

The currently known impacts of COVID-19 on the Group are slight delays in customers collections due to Covid-19 but management is closely monitoring the situation and has kept adequate provision for expected credit losses. The management does not anticipate a future material impact of this outbreak on the Group's consolidated financial statements at this stage.

5 REVENUE FROM CONTRACT WITH CUSTOMERS

	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<i>Types of goods or service</i>				
Sale of goods	<u>128,171,213</u>	<u>66,815,931</u>	<u>409,337,586</u>	<u>204,181,340</u>

All the sales were made in United Arab Emirates and were recorded at point in time.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

6 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 10,338,181 (nine months period ended 30 September 2020: AED 2,414,120), excluding property, plant and equipment acquired through business combinations, and depreciation charge for the nine months period ended 30 September 2021 amounted to AED 2,915,716 (nine months period ended 30 September 2020: AED 1,419,060). Property, plant and equipment acquired through business combinations amounted to AED 12,121,218 (note 15).

7 TRADE AND OTHER RECEIVABLES

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Trade receivables	37,388,464	5,981,189
Less: provision for expected credit losses	<u>(2,496,130)</u>	<u>(847,885)</u>
	34,892,334	5,133,304
Advances to suppliers	3,497,259	1,516,033
Deposits and other receivables	3,504,489	1,218,459
Prepaid expenses	3,542,607	493,758
Staff receivables	<u>1,407,853</u>	<u>32,307</u>
	<u>46,844,542</u>	<u>8,393,861</u>

As at 30 September 2021, trade receivables of AED 2,496,130 (31 December 2020: AED 847,885) were impaired.

Movement in the provision for expected credit losses is as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
As at 1 January	847,885	753,002
Acquired in business combinations	911,969	-
Charge for the period / year	<u>736,276</u>	<u>94,883</u>
As at 30 September / 31 December	<u>2,496,130</u>	<u>847,885</u>

The carrying amounts of the Company's trade receivables are denominated in the UAE Dirham and approximate their fair value as at 30 September 2021 and 31 December 2020. The maximum exposure to credit risk at the reporting date is the carrying value of each class of the receivables mentioned above. The Group does not hold any collateral as security.

Zee Store PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OF LOSS

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
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Quoted and inside the UAE	<u>27,047,182</u>	<u>-</u>
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These investments in equity instruments are held for trading with an intention of recognising short-term fluctuations in these investments. Fair values of the quoted investments are determined by reference to published price quotations in an active market.

Movement in investment in financial assets carried at fair value through profit or loss is as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
At the beginning of the period / year	-	-
Additions during the period / year	16,647,485	-
Changes in fair value	<u>10,399,697</u>	<u>-</u>
At the end of the period / year	<u>27,047,182</u>	<u>-</u>

9 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Cash in hand	868,937	33,040
Bank balances – current account	<u>65,943,367</u>	<u>160,845,419</u>
Cash and cash equivalents	<u>66,812,304</u>	<u>160,878,459</u>

10 SHARE CAPITAL

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
<i>Authorised, issued and fully paid shares</i>		
100,000,000 ordinary shares of		
AED 1 each	<u>100,000,000</u>	<u>100,000,000</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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10 SHARE CAPITAL continued

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.

11 STATUTORY RESERVE

In accordance with the UAE Federal Law No. 2 of (2015), and the Company's Articles of Association, 10% of the profit for the year is transferred to legal reserve, which is non-distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the share capital of the Company.

12 BORROWINGS

Movement in bank borrowings during the period is as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Balance at 1 January	-	-
Acquired in business combinations (note 15)	9,207,414	-
Drawdowns during the period	10,853,858	-
Repayments during the period	<u>(14,098,966)</u>	<u>-</u>
	<u>5,962,306</u>	<u>-</u>

Disclosed in the consolidated statement of financial position as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Non-current portion	2,415,000	-
Current portion	<u>3,547,306</u>	<u>-</u>
	<u>5,962,306</u>	<u>-</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

12 BORROWINGS continued

<i>Borrowings from financial institutions</i>	<i>Security</i>	<i>Interest rates</i>	<i>Maturity</i>	<i>(Unaudited) 30 September 2021 AED</i>	<i>(Audited) 31 December 2020 AED</i>
Term loan 1	Secured	EIBOR + 3%	May 2028	2,835,000	-
Short term loan	Secured	6 months EIBOR + 4%	November 2021	3,127,306	-
				<u>5,962,306</u>	<u>-</u>

Term loan 1

The facility was obtained from Ajman Bank to finance the purchase of a building located in Al Jurf Industrial Area 3, Ajman, UAE. The loan is repayable in quarterly installments of AED 105,000 each. The loan is secured by the corporate guarantee of a subsidiary of the Group and is mortgaged over the building purchased.

Short term loan

This short term loan was obtained from Emirates Islamic Bank to finance the purchase of inventories. The loan has a tenure of 150 days and is renewal upon maturity. The loan is secured by the corporate guarantee of a subsidiary of the Group and is mortgaged over the receivables and inventories.

13 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the total comprehensive income for the period of the Company by the weighted average number of shares in issue throughout the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	AED	AED	AED	AED
Profit attributable to the owners of the Company (AED)	<u>11,445,098</u>	<u>4,629,158</u>	<u>32,392,713</u>	<u>12,952,110</u>
Weighted average number of shares (No.)*	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share for the period (AED)	<u>0.11</u>	<u>0.05</u>	<u>0.32</u>	<u>0.13</u>

*The weighted average number of shares takes into account the weighted average effect of increase in number of shares during the 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, associated companies, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Balances due from related parties included in the interim consolidated statement of financial position are as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
<i>Amounts due from related parties:</i>		
<i>Entities under common control</i>		
International Securities LLC	10,343,649	-
Al Yasat Catering and Restaurant Supplies LLC	2,718,213	1,306,091
Sarha Ship	2,379,706	2,831,432
Cine Royal Cinema LLC	258,688	69,524
Others	<u>14,788,956</u>	<u>4,625,751</u>
	30,489,212	8,832,798
<i>Other related parties</i>		
The Private Affairs Department of Sheikha Fatima	85,891,970	73,229,148
Meena Palace	21,857,808	22,814,664
H.H. Sheikh Hamdan Bin Zayed Al Nahyan	430,465	1,083,043
H.H. Sheikh Abdulla Bin Zayed Al Nahyan	92,995	446,961
Office of H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	75,778	8,846
Al Masira Cargo Transports	128,183	-
Union Professional Electrical and Mechanical Works	<u>154,890</u>	<u>-</u>
	139,121,301	106,415,460
Less: allowance for excepted credit losses	<u>(498,526)</u>	<u>(651,737)</u>
	<u>138,622,775</u>	<u>105,763,723</u>

Set out below is the movement in the allowance for expected credit losses of due from related parties:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
As at 1 January	651,737	651,169
Write off during the period / year	(210,959)	(45,429)
Charge for the period / year	<u>57,748</u>	<u>45,997</u>
At end of the period / year end	<u>498,526</u>	<u>651,737</u>
Balances with a financial institution (other related party)	<u>49,413,363</u>	<u>160,845,419</u>

Zee Store PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

14 RELATED PARTY TRANSACTIONS AND BALANCES continued

Balances due to related parties included in the interim consolidated statement of financial position are as follows:

	<i>(Unaudited)</i> 30 September 2021 AED	<i>(Audited)</i> 31 December 2020 AED
Amounts due to related parties:		
<i>Entities under common control</i>		
Alliance Foods Co. LLC	2,259,466	2,238,099
Others	<u>899,152</u>	<u>301,346</u>
	3,158,618	2,539,445
<i>Other related parties</i>		
H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	<u>400,000</u>	<u>400,000</u>
	<u>3,558,618</u>	<u>2,939,445</u>
<i>Loan from a related party</i>		
IHC Food Holdings LLC *	<u>80,606,667</u>	<u>80,000,000</u>

*On 29 December 2020, the Company obtained a loan from IHC Food Holdings LLC (direct parent) amounting to AED 80,000,000, to finance future investments and other business operations. The loan is payable on demand, unsecured and carries interest at the rate of 1% per annum.

Transactions with related parties entered during the period were as follows:

	<i>(Unaudited)</i> Three months ended 30 September 2021 AED	<i>(Unaudited)</i> Three months ended 30 September 2020 AED	<i>(Unaudited)</i> Nine months ended 30 September 2021 AED	<i>(Unaudited)</i> Nine months ended 30 September 2020 AED
Transfer of provision for employees' end of service benefit from other related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,767</u>
<i>Revenues</i>				
Entities under common control	11,662,198	1,677,768	30,486,699	4,424,617
Other related parties	<u>70,588,121</u>	<u>58,731,143</u>	<u>229,650,989</u>	<u>178,844,833</u>
	<u>82,250,319</u>	<u>60,408,911</u>	<u>260,137,688</u>	<u>183,269,450</u>
<i>Purchases</i>				
Entities under common control	3,518,035	2,024,618	10,249,433	6,396,348
Other related parties	<u>1,689,226</u>	<u>10,709</u>	<u>1,729,596</u>	<u>29,789</u>
	<u>5,207,261</u>	<u>2,035,327</u>	<u>11,979,029</u>	<u>6,426,137</u>

Zee Store PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2021 (Unaudited)

14 RELATED PARTY TRANSACTIONS AND BALANCES continued

Compensation of key management personnel

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

	<i>(Unaudited)</i> <i>Three months ended</i> <i>30 September</i>		<i>(Unaudited)</i> <i>Nine months ended</i> <i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Management remuneration	360,449	1,251,754	1,081,346	2,236,909
Employees' end of service benefits	<u>21,377</u>	<u>21,377</u>	<u>63,434</u>	<u>63,667</u>
	<u>381,826</u>	<u>1,273,131</u>	<u>1,144,780</u>	<u>2,300,576</u>

15 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATION

During the period, the Group acquired the following entities, which were accounted for using the acquisition method under IFRS 3 Business Combination:

Royal Horizon Holding LLC

Effective 1 January 2021, Zee Stores PJSC, acquired a 60% interest in Royal Horizon Holding LLC ("Royal Horizon") and its subsidiaries. Royal Horizon subsidiaries are as follows:

<i>Name of entities</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>
Overseas Foodstuff Trading – Sole Proprietorship LLC	United Arab Emirates	Importing and wholesale of canned and preserved foodstuff trading
Royal Horizon General Trading – Sole Proprietorship LLC	United Arab Emirates	General trading, retail sale of computer system and softwares, wholesale of canned and preserved foodstuff trading, importing and exporting, packaging and wrapping of foodstuff
Royal Horizon Fazaa Stores LLC	United Arab Emirates	Retail and wholesale consumer stores
Al Ufuq Almalaki General Trading – Sole Proprietorship LLC	United Arab Emirates	General trading, importing, exporting, retail sale of wood products

From the date of acquisition, Royal Horizon contributed revenue and profit to the Group amounting to AED 126,532,625 and AED 5,183,869 respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2021 (Unaudited)

15 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATION continued**Assets acquired and liabilities assumed**

The fair values of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were as follows:

	<i>Total AED</i>
Assets	
Property, plant and equipment	12,121,218
Intangible assets	34,100,000
Right-of-use assets	1,047,724
Inventories	17,725,049
Due from related parties	4,730,013
Trade and other receivables	18,817,667
Cash and bank balances	<u>5,543,390</u>
Total assets	<u>94,085,061</u>
Liabilities	
Employees' end of service benefit	651,387
Borrowings	9,207,414
Lease liabilities	972,879
Trade and other payables	<u>26,538,590</u>
Total liabilities	<u>37,370,270</u>
Total identifiable net assets at fair value	<u>56,714,791</u>
Proportionate share of identifiable net assets acquired	34,029,191
Goodwill arising on acquisition	<u>5,970,809</u>
Purchase consideration	<u>40,000,000</u>
Non-controlling interest	<u>22,685,600</u>

The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalise the purchase price allocation before the end of 2021.

The fair value of trade receivables amounts to AED 13,086,662. The gross amount of trade receivables is AED 13,998,631 and it is expected that the full contractual amounts can be collected.

Intangible assets of AED 34,100,000 have been recognised as a result of aforementioned acquisitions, which comprises largely of brand name, customer relationships, trademarks and license.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2021 (Unaudited)

15 ACQUISITIONS UNDER IFRS 3 BUSINESS COMBINATION continued

Analysis of cashflows on acquisitions is as follows:

	<i>Total AED</i>
Purchase consideration:	
Total purchase consideration (Cash paid for the acquisition)	<u>40,000,000</u>
Analysis of cashflow on acquisition:	
Cash paid for the acquisition	40,000,000
Net cash acquired on business combination	<u>(5,543,390)</u>
Acquisition of operating business - net of cash acquired (included in cash flows from investing activities)	34,456,610
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>156,000</u>
Net cash used on acquisition	<u>34,612,610</u>

Acquisition related costs amounted to AED 156,000 were expensed during the period and are included in general and administrative expenses.

16 CONTINGENT LIABILITIES

	<i>(Unaudited) 30 September 2021 AED</i>	<i>(Audited) 31 December 2020 AED</i>
Bank guarantees	<u>1,781,123</u>	<u>823,803</u>

The above bank guarantees have been issued from a local bank in the ordinary course of business on which the bank charges a fee of 1% per annum.

17 FAIR VALUES MEASUREMENT

Fair value of the Group's assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table 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 and gives information about how the fair value of these financial assets are determined

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 30 September 2021 (Unaudited)
17 FAIR VALUES MEASUREMENT continued

The Group held the following financial instrument measured at fair value:

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>30 September 2021</i>	<i>31 December 2020</i>				
	<i>(unaudited)</i>	<i>(audited)</i>				
	<i>AED</i>	<i>AED</i>				
Financial assets at fair value through profit or loss	27,047,182		Level 1	Quoted bid prices in an active market.	None	Not applicable

There were no transfers between each of levels during the period.

18 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of comprehensive income for the nine months period ended 30 September 2021 and 30 September 2020.