



Zee Store PJSC

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021



Zee Store PJSC

DIRECTORS' REPORT

31 DECEMBER 2021



DIRECTORS' REPORT

31 December 2021

The Directors have the pleasure to present their report, together with the audited consolidated financial statements of Zee Store PJSC (the "Company"), and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2021.

Principal activities

The principal activities of the Group include;

- trading and importing of food items, including fresh consumables, canned, preserved and frozen foods and providing re-packaging and wrapping services; and
- rearing, hatching, feed processing and sale of poultry products and providing other farming and livestock related services.

Results

Revenue for the year amounted to AED 545,620,999 (2020: AED 289,029,171) and profit for the year was AED 59,710,610 (2020: AED 12,295,273).

Release

The Directors release from liability the management and the external auditor in connection with their duties for the year ended 31 December 2021.

Auditors

A resolution proposing the reappointment of Ernst & Young as auditors of the Group for the year ending 31 December 2022 will be put to the shareholders at Annual General Meeting.

For and on behalf of the Board of Directors



Chairman

Date



Zee Store PJSC

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZEE STORE PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Zee Store PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the “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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

Revenue recognition is considered to be a key area of focus given that revenue is material and an important determinant of the Group's performance and profitability. The Group mainly provides food items to its customers and recognises revenue from contracts with customers at the point in time at which the control of the goods is transferred to the customers (refer note 3 to the consolidated financial statements for the revenue recognition policy of the Group).

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZEE STORE PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Revenue recognition continued

During the year ended 31 December 2021, total revenue of the Group amounted to AED 545,620,999 (2020: AED 289,029,171). Given the magnitude of the amount and inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter.

To address the above risk, we performed the following procedures among others:

- Undertook procedures to assess whether the revenue recognition criteria adopted by the Group is appropriate and is in line with the Group's accounting policy;
- Assessed the compliance of such policies with the applicable International Financial Reporting Standards;
- Inspected contracts with customers, on sample basis, to test the total contract values, invoicing and payment terms;
- Obtained a representative sample of transactions and tested their occurrence, accuracy and recognition, by tracing them back to supporting documents;
- Performed cut off procedures, including selecting the sample of transactions before and after the year end to evaluate the recognition in the current reporting period;
- Performed analytical procedures to identify inconsistencies and/or unusual movements during the year; and
- Assessed the adequacy of the Group's disclosure in the consolidated financial statements in connection with revenue recognition.

Business combinations within the scope of IFRS 3

During the year, the Group has acquired control over 'Royal Horizon Holding LLC' as disclosed in note 5.2. Independent external valuation specialist was engaged by the Group to perform the purchase price allocation exercise, and fair valuation and identification of acquired assets and liabilities.

The acquisition of business is a key audit matter as it is a significant transaction during the year which requires significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired assets / businesses with those of the Group.

To address the above risk, we performed the following procedures among others:

- We have obtained the purchase price allocation report prepared by the independent valuer engaged by the Group;
- We involved our internal valuation specialists in reviewing the reports. The review included discussions with management and consideration of the overall reasonableness of the assumptions and valuations in line with our expectations; and
- We also assessed the key assumptions including cash flows focusing on revenues and earnings before interest and tax ('EBIT') and appropriateness of discount and growth rates, whilst considering the risk of management bias.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZEE STORE PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Other information

Other information consists of the information included in the Directors' report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZEE STORE PJSC continued

Report on the Audit of the Consolidated Financial Statements continued

Auditor's responsibilities for the audit of the consolidated financial statements continued

- 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ZEE STORE PJSC continued

Report on Other Legal and Regulatory Requirements

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

- i) the Group has maintained proper books of account;
- ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;
- iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended), and the Memorandum of Association of the Company;
- iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;
- v) investments in shares and stocks are included in notes 5, 15 and 20 to the consolidated financial statements and include the purchases and investments made by the Group during the year ended 31 December 2021;
- vi) note 29 reflects material related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the period any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2021; and
- viii) during the year, the Group made no social contributions.



Signed by:

Raed Ahmad
Partner
Ernst & Young
Registration No 811

3 February 2022
Abu Dhabi

Zee Store PJSC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 AED	2020 AED
Revenue from contracts with customers	6	545,620,999	289,029,171
Cost of sales	7	(482,488,056)	(257,007,754)
GROSS PROFIT		63,132,943	32,021,417
General and administrative expenses	8	(34,948,532)	(19,825,149)
Finance cost	9	(2,653,004)	(478,052)
Change in fair value of investments carried at fair value through profit or loss	20	31,924,776	-
Other income		<u>2,254,427</u>	<u>577,057</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>59,710,610</u>	<u>12,295,273</u>
Attributable to:			
Owners of the Company		57,624,878	12,295,273
Non-controlling interests		<u>2,085,732</u>	-
		<u>59,710,610</u>	<u>12,295,273</u>
BASIC EARNINGS PER SHARE	11	<u>0.58</u>	<u>0.12</u>

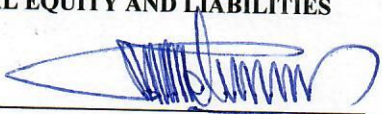
The attached notes 1 to 33 form part of these consolidated financial statements.


Zee Store PJSC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current assets			
Property, plant and equipment	13	490,878,121	19,700,743
Intangible assets and goodwill	14	42,563,178	-
Investment in an associate and a joint venture	15	270,498,616	-
Biological assets	16	30,551,343	-
Right-of-use assets	17	<u>26,917,842</u>	<u>7,089,122</u>
		861,409,100	26,789,865
Current assets			
Inventories	19	80,147,957	8,627,282
Biological assets	16	4,974,217	-
Investments carried at fair value through profit or loss	20	82,747,019	-
Trade and other receivables	21	153,686,553	8,393,861
Amounts due from related parties	29	131,144,869	105,763,723
Cash and bank balances	22	<u>174,705,329</u>	<u>160,878,459</u>
		627,405,944	283,663,325
TOTAL ASSETS		<u>1,488,815,044</u>	<u>310,453,190</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	23	100,000,000	100,000,000
Contributed capital	23	12,294,193	12,294,193
Statutory reserve	24	7,492,015	1,729,527
Merger reserve	5.1	716,162,699	-
Retained earnings		<u>99,239,759</u>	<u>47,377,369</u>
Equity attributable to owners of the Company		935,188,666	161,401,089
Non-controlling interests		<u>28,141,782</u>	<u>-</u>
Total equity		<u>963,330,448</u>	<u>161,401,089</u>
Non-current liabilities			
Employees' end of service benefits	25	10,184,753	3,821,827
Lease liabilities	17	26,890,723	7,369,897
Bank borrowings	26	40,437,243	-
Deferred tax liabilities	18	<u>1,887,875</u>	<u>-</u>
		79,400,594	11,191,724
Current liabilities			
Trade and other payables	27	227,000,430	54,628,199
Amounts due to related parties	29	101,622,888	2,939,445
Loan from a related party	29	80,811,111	80,000,000
Lease liabilities	17	1,884,122	292,733
Bank borrowings	26	<u>34,765,451</u>	<u>-</u>
		446,084,002	137,860,377
Total liabilities		<u>525,484,596</u>	<u>149,052,101</u>
TOTAL EQUITY AND LIABILITIES		<u>1,488,815,044</u>	<u>310,453,190</u>


Chief Executive Officer


Chief Financial Officer

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company					Non-controlling interest AED	Total AED
	Share capital AED	Merger reserve AED	Contributed capital AED	Statutory reserve AED	Retained earnings AED		
Balance at 1 January 2020	1,000,000	-	12,294,193	500,000	125,836,166	139,630,359	139,630,359
Total comprehensive income for the year	-	-	-	-	12,295,273	12,295,273	12,295,273
Increase in share capital (note 23)	99,000,000	-	-	-	(99,000,000)	-	-
Transfer to statutory Reserve (note 24)	-	-	-	1,229,527	(1,229,527)	-	-
Share based payments (note 12)	-	-	-	-	33,148,200	33,148,200	33,148,200
Share based payments - awards to personnel of the parent and ultimate parent companies (note 12)	-	-	-	-	(23,672,743)	(23,672,743)	(23,672,743)
Balance at 31 December 2020	<u>100,000,000</u>	<u>-</u>	<u>12,294,193</u>	<u>1,729,527</u>	<u>47,377,369</u>	<u>161,401,089</u>	<u>161,401,089</u>
Balance at 1 January 2021	100,000,000	-	12,294,193	1,729,527	47,377,369	161,401,089	161,401,089
Total comprehensive income for the year	-	-	-	-	57,624,878	57,624,878	59,710,610
Transfer to statutory reserve (note 24)	-	-	-	5,762,488	(5,762,488)	-	-
Acquisition of a subsidiary (note 5.2)	-	-	-	-	-	-	26,056,050
Business combination of entities under common control (note 5.1)	-	716,162,699	-	-	-	716,162,699	716,162,699
Balance at 31 December 2021	<u>100,000,000</u>	<u>716,162,699</u>	<u>12,294,193</u>	<u>7,492,015</u>	<u>99,239,759</u>	<u>935,188,666</u>	<u>28,141,782</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	<i>Notes</i>	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
OPERATING ACTIVITIES			
Profit for the year		59,710,610	12,295,273
Adjustments for:			
Depreciation of property, plant and equipment	13	4,300,029	1,987,293
Amortisation of intangible assets	14	2,945,237	-
Depreciation of right-of-use assets	17	548,210	157,567
Gain on disposal of property and equipment		(102,040)	-
Share based payments	12	-	9,475,457
Change in the fair value of investments carried at fair value through profit or loss	20	(31,924,776)	-
Provision for expected credit losses on trade and other receivables	21	944,569	94,883
(Reversal of) provision for expected credit losses on amounts due from related parties	29	(19,798)	45,997
Provision for employees' end of service benefits	25	1,136,688	597,761
Finance cost	9	2,653,004	<u>478,052</u>
		40,191,733	25,132,283
Working capital adjustments:			
Inventories		699,364	(3,016,413)
Trade and other receivables		(22,542,650)	(837,376)
Amounts due from related parties		12,809,475	(12,563,182)
Trade and other payables		22,745,262	15,955,456
Amounts due to related parties		(2,191,381)	<u>642,934</u>
Cash generated from operations		51,711,803	25,313,702
Employees' end of service benefits paid	25	(148,466)	(102,442)
Finance cost paid		(1,150,714)	<u>(52,922)</u>
Net cash flows from operating activities		<u>50,412,623</u>	<u>25,158,338</u>
INVESTING ACTIVITIES			
Movement in term deposits with original maturities more than three months		(2,293,969)	-
Purchase of property and equipment	13	(11,939,187)	(6,345,278)
Addition to intangible assets	14	(4,400)	-
Proceeds from disposal of property, plant and equipment		204,427	-
Cash paid on acquisition of a subsidiary, net	5.2	(34,456,610)	-
Cash acquired on business combination of entities under common control, net	5.1	70,262,158	-
Purchase of investment in financial assets	20	(50,822,243)	-
Net cash used in investing activities		<u>(29,049,824)</u>	<u>(6,345,278)</u>
FINANCING ACTIVITIES			
Net repayment of bank borrowings		(9,207,414)	-
Repayment of lease liability	17	(622,484)	(284,206)
Loan from a related party	29	-	<u>80,000,000</u>
Net cash (used in) flows from financing activities		<u>(9,829,898)</u>	<u>79,715,794</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
Cash and cash equivalents at 1 January		11,532,901	98,528,854
		<u>160,878,459</u>	<u>62,349,605</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	22	<u>172,411,360</u>	<u>160,878,459</u>

Acquisition of a subsidiary under common control, as disclosed in note 5.1 to the consolidated financial statements, is a significant non-cash transaction.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1 ACTIVITIES

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

These consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries (together referred to as the “Group”). The main activities of the Group are;

- trading and importing of food items, including fresh consumables, canned, preserved and frozen foods and providing re-packaging and wrapping services; and
- rearing, hatching, feed processing and sale of poultry products and providing other farming and livestock related services.

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

The consolidated financial statements of the Group for the year ended 31 December 2021 were approved and authorised for issue by the Board of Directors on 3 February 2022.

2 BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention, except for investments carried at fair value through profit or loss and biological assets which are stated at fair value.

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in compliance with the applicable provisions of the Company’s Memorandum of Association and the UAE Federal Law No. (2) of 2015 (as amended). Federal Law by Decree No 32 of 2021, which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies, was issued on 20 September 2021, and is effective from 2 January 2022. The Company is in the process of reviewing the new law and will apply the requirements thereof no later than one year from the date on which the new Decree Law came into effect.

2.1 BASIS OF CONSOLIDATION

The 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 CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2 BASIS OF PREPARATION continued**2.1 BASIS OF 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 contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. 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 subsidiaries as at 31 December 2021 and 31 December 2020 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2021</i>	<i>2020</i>
Royal Horizon Holding LLC (i)	UAE	Holding Company.	60%	-
Tamween Group LLC (i)	UAE	Holding Company.	100%	-
Mega Logistics Park Warehouses Management - Sole Proprietorship LLC	UAE	Warehouses management and operations.	100%	100%
Zee Stores International LLC (ii)	UAE	Wholesale of food and non-food items, including fresh consumables, canned, preserved and frozen foods and providing re-packaging and wrapping services.	100%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2.1 BASIS OF CONSOLIDATION continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2021</i>	<i>2020</i>
<i>Subsidiaries of Royal Horizon Holding LLC:</i>				
Overseas Foodstuff Trading – Sole Proprietorship LLC (i)	UAE	Importing and wholesale of canned and preserved foodstuff trading.	60%	-
Royal Horizon General Trading – Sole Proprietorship LLC (i)	UAE	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%	-
Royal Horizon Faza'a Stores LLC (i)	UAE	Retail and wholesale consumer stores.	60%	-
Al Ufuq Almalaki General Trading - Sole Proprietorship LLC (i)	UAE	General trading, importing, exporting, retail sale of wood products.	60%	-
<i>Subsidiaries of Tamween Group LLC:</i>				
Al Ajban Poultry LLC (i)	UAE	Rearing, hatching, feed processing and sale of poultry products.	100%	-
Alliance Foods Co. LLC (i)	UAE	Trading, processing and packing of seafood products.	100%	-
AGRINV SPV RSC (i)	UAE	Investment Company.	100%	-
<i>Subsidiary of AGRINV SPV RSC:</i>				
Al-Hashemiya for Land Reclamation and Cultivation S.A.E.	Egypt	Land cultivation, land-reclaimed farming, raising all kinds of livestock and sheep produced and providing other farming and livestock related services.	99.99%	-

(i) Subsidiaries acquired during the year (note 5).

(ii) Subsidiary incorporated during the year.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for 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 - Phase 2: 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.
- Amendments to IFRS 16: Covid-19 Related Rent Concessions beyond 30 June 2021

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

2 BASIS OF PREPARATION continued

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts;
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter;
- IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities;
- IAS 41 Agriculture - Taxation in fair value measurements;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IFRS 3: Reference to the Conceptual Framework;
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use;
- Amendments to IAS 37: Onerous Contracts - Costs of Fulfilling a Contract;
- Amendments to IAS 8: Definition of Accounting Estimates; and
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill continued

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 comprehensive income 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 comprehensive income.

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 comprehensive income.

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.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Owner of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of comprehensive income 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 (including goodwill), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill continued

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the initial carrying amount for the purposes of subsequent accounting for the retained interest as an investment in an associate or a joint venture or financial asset.

Disposals of interest in a subsidiary to an equity accounted investee

Gain or loss on the disposal of interest in a subsidiary to an equity accounted investee is eliminated to the extent of the retained indirect interest in that disposed entity by the Group.

Acquisition of entities under common control

Transactions giving rise to a transfer of interest in entities that are under common control are accounted for in accordance with the pooling of interest method of accounting at the date the transfer without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any transaction costs paid for the acquisition are recognised directly in equity.

Investment in an associate and a joint venture

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

The results and assets and liabilities of the associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Investment in associates and joint ventures continued

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the consolidated statement of comprehensive income.

When Group's share of losses in an associate or joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

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

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

Sale of goods

The Group is in the business of providing goods, mainly food items, to its customers. Revenue from sale of goods is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods at the customer's location.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis at rates estimated to depreciate the assets concerned over their useful lives in the business as follows:

Building and leasehold improvements	10 - 20 years
Plant and machinery	3 - 15 years
Furniture, fixtures and equipment	3 - 5 years
Motor vehicles	4 - 5 years

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

Capital work in progress

Assets under construction ('capital work in progress') are stated at cost, net of accumulated impairment losses, and are not depreciated. All costs directly attribute to bringing the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost, including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment or investment properties category and is depreciated in accordance with the Group's policies.

Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising in derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, at each financial year end, and adjusted prospectively, if appropriate.

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 consolidated statements of profit or loss in the period during which they are incurred.

Intangible assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Intangible assets continued

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income.

Customer relationships

Customer relationships represents future economic benefits in the form of future business with customers beyond the amount secured by any current contractual arrangement. Customer relationship acquired in a business combination that does not arise from a contract may nevertheless be identifiable because the relationship is separable. These mainly represent non-contractual relationships, which were acquired during 2021 (note 5) and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 6 to 9 years.

Brand name

Brand is a unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Brand name represents future economic benefits in the form of future business linked with the brand name of one of subsidiary, Royal Horizon Holding LLC, acquired during the year (note 5). Brand name has an indefinite useful life.

Trademarks

Trademarks are words, names, symbols or other devices used in trade to indicate the source of a product and to distinguish it from the products of others. Trademarks represent future economic benefits in the form of future business linked with the trademarks under Royal Horizon Holding LLC, a subsidiary acquired during the year (note 5). The trademarks identified as part of acquisition have indefinite useful lives.

License

The license allows Royal Horizon Holding LLC to use “Fazaa” name for its retail stores, and was recognized on acquisition of Royal Horizon Holding LLC during the year. The Fazaa license has a useful life of 8 years.

Other intangible assets are amortised over a period of 3 years using straight-line method.

Leases

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

The Group as a lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued**Leases** continued*i) Right-of-use assets*

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

	<i>Years</i>
Land	30 - 50
Warehouse	6
Motor vehicle	4 - 5

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

The right-of-use assets are also subject to impairment. Refer to the ‘impairment of non-financial assets’ section below.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in - substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

Biological assets

Biological assets are measured on initial recognition and at end of each reporting period at fair value less estimated costs to sell, unless at initial recognition that fair value cannot be measured reliably. In such cases, the entity measures the biological asset at historic cost less any accumulated depreciation and any accumulated impairment losses unless/until fair value becomes reliably measurable. The fair values are determined based on current market prices of similar type of assets. Costs to sell include commission to brokers and dealers.

A gain or loss on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of biological assets shall be included in profit or loss in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Impairment of non-financial assets

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

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

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

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)
- b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets continued

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of comprehensive income when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include a certain portion of trade and other receivables, due from related parties, loan from a related party and cash and bank balances.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of comprehensive income.

This category includes quoted equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on quoted and unquoted equity investments are recognised under investment and other income in the consolidated statement of comprehensive income when the right of payment has been established.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets continued

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - the Group has transferred substantially all the risks and rewards of the asset, or
 - the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities and equity instruments

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through consolidated statement of comprehensive income are recognised immediately in consolidated statement of comprehensive income.

Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is charged to consolidated statement of comprehensive income.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities and equity instruments continued

Financial liabilities continued

The financial liabilities of Group include lease liabilities, trade and other payables, loan from a related party, loans and borrowings and amounts due to related parties.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value after adjusting allowance for any slow and non-moving items. Inventories are valued on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production, or conversion costs, and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances which are subject to an insignificant risk of changes in value.

Foreign currencies

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

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

Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is classified as a current liability, while the provision relating to end of service benefits is classified as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

Share-based payments

Employees (including key management personnel) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 12.

That cost is recognised in staff cost (note 10), together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Taxation continued

Deferred tax continued

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Fair value measurement

The Group measures financial instruments such as financial assets at fair value through other comprehensive income at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Value added tax (“VAT”)

Expenses and assets are recognised net of the amount of VAT, except:

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

Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

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

Key estimates and assumptions

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

Useful lives of property, plant and equipment and intangible assets

The useful life of each item of property, plant and equipment and intangible asset is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset.

Impairment of non-financial assets

The Group determines whether property, plant and equipment, right-of-use assets, and intangible assets with finite lives are impaired when events or changes in circumstances indicate that the carrying amount may not be recoverable. If an indicator of impairment exists, the Group determines the value in use of the cash generating units, where an indicator has been identified. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also choose a suitable discount rate in order to calculate the present value of those cash flows.

Management has determined no impairment indicators existed as of 31 December 2021 and the carrying values of property, plant and equipment, right-of-use assets, and intangible assets with finite lives are fully recoverable.

Impairment of goodwill and intangible assets with infinite useful lives

Goodwill and intangible assets with infinite useful lives are assessed for impairment based on the assessment of cash flows on individual cash-generating units on annual basis. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Management has concluded that there is no impairment as of 31 December 2021 and the carrying values of goodwill and intangible assets with infinite useful lives are fully recoverable.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Key estimates and assumptions continued

Allowance for slow moving inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and allowance for impairment applied according to the inventory type and the degree of ageing or obsolescence, based on Group's policy for inventory provisioning.

Provision for slow moving inventories of AED 2,239,387 were recorded as at 31 December 2021 (31 December 2020: nil).

Provision for Expected Credit Losses (ECLs) for trade receivables

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

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

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

In determining whether provision for expected credit losses should be recorded in the consolidated statement of comprehensive income, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. As per ECL model, the impairment loss allowance for trade receivables at 31 December 2021 is AED 14,768,581 (2020: AED 847,885).

Leases - estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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 year, 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 impact of COVID-19 on the Group is the 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. However, these factors have not significantly impacted the results of the Group for the year ended 31 December 2021, due to specific nature of business of the Group. The management does not anticipate a future material impact of this outbreak on the Group's consolidated financial statements at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5 BUSINESS COMBINATIONS**5.1 Business combination under common control**

During the year, the Group acquired the following entities under common control. The acquisition is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as it is business combination of entities under common control, given that the Group and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisition has been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

Tamween Group LLC ("Tamween")

Effective 27 December 2021, the Group acquired 100% of the shares in Tamween Group LLC and its subsidiaries ("Tamween") for AED 2. Tamween's subsidiaries are as follows:

<i>Name of entities</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>
Al Ajban Poultry LLC	United Arab Emirates	Rearing, hatching, feed processing and sale of poultry products.
Alliance Foods Co. LLC	United Arab Emirates	Trading, processing and packing of seafood products.
AGRINV SPV RSC	United Arab Emirates	Investment Company.

Assets acquired and liabilities assumed

The carrying values of the identifiable assets and liabilities of Tamween and its subsidiaries as at the date of acquisition were as follows:

	<i>Total AED</i>
Assets	
Property, plant and equipment	451,625,899
Intangible assets	1,955,246
Right-of-use assets	12,780,088
Investment in an associate and a joint venture (note 15)	270,498,616
Biological assets	35,525,560
Inventories	54,494,990
Due from related parties	33,440,810
Trade and other receivables	104,876,944
Cash and bank balances	<u>70,262,160</u>
Total assets	<u>1,035,460,313</u>
Liabilities	
Employees' end of service benefit	4,723,317
Bank borrowings	75,202,694
Lease liabilities	13,521,523
Deferred tax liabilities	1,887,875
Due to related parties	100,874,824
Trade and other payables	<u>123,087,379</u>
Total liabilities	<u>319,297,612</u>
Proportionate share of identifiable net assets acquired (100%)	716,162,701
Consideration paid	<u>(2)</u>
Merger reserve	<u>716,162,699</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5 BUSINESS COMBINATIONS continued**5.2 Acquisitions under IFRS 3 Business Combination**

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

Royal Horizon Holding LLC (“Royal Horizon”)

Effective 1 January 2021, the Group acquired a 60% interest in Royal Horizon Holding LLC and its subsidiaries (“Royal Horizon”). Royal Horizon’s 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 164,350,390 and AED 5,214,329 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5 BUSINESS COMBINATIONS continued**5.2 Acquisitions under IFRS 3 Business Combination** continued**Assets acquired and liabilities assumed**

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

	<i>Total AED</i>
Assets	
Property, plant and equipment	12,014,708
Intangible assets	42,632,844
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>102,511,395</u>
Liabilities	
Employees' end of service benefits	651,387
Bank borrowings	9,207,414
Lease liabilities	972,879
Trade and other payables	<u>26,539,590</u>
Total liabilities	<u>37,371,270</u>
Total identifiable net assets at fair value	<u>65,140,125</u>
Proportionate share of identifiable net assets acquired	39,084,075
Goodwill arising on acquisition	<u>915,925</u>
Purchase consideration	<u>40,000,000</u>
Non-controlling interest	<u>26,056,050</u>

The fair value assessment of identifiable net assets is complete for Royal Horizon.

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 42,526,334 have been recognised as a result of aforementioned acquisition, which comprise of brand name, customer relationships, trademarks and license.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

5 BUSINESS COMBINATIONS continued**5.2 Acquisitions under IFRS 3 Business Combination** continued

Analysis of cashflows on acquisitions is as follows:

	<i>Total AED</i>
<i>Purchase consideration:</i>	
Total purchase consideration (cash paid for the acquisition)	<u>(40,000,000)</u>
<i>Analysis of cashflow on acquisition:</i>	
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 year and are included in general and administrative expenses.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>2021 AED</i>	<i>2020 AED</i>
<i>Types of goods or services</i>		
Sale of goods	<u>545,620,999</u>	<u>289,029,171</u>

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

7 COST OF SALES

	<i>2021 AED</i>	<i>2020 AED</i>
Cost of goods sold	464,759,148	248,691,287
Staff costs (note 10)	14,028,240	6,688,204
Depreciation (note 13)	3,152,458	1,470,696
Depreciation of right-of-use assets (note 17)	<u>548,210</u>	<u>157,567</u>
	<u>482,488,056</u>	<u>257,007,754</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

8 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Staff costs (note 10)	14,167,664	14,916,892
Rent, utilities and transportation	6,941,135	1,623,049
Legal and professional expenses	2,129,689	583,321
Depreciation (note 13)	1,147,571	516,597
Amortisation (note 14)	2,945,237	-
Provision for expected credit losses (note 21)	944,569	94,883
Others	<u>6,672,667</u>	<u>2,090,407</u>
	<u>34,948,532</u>	<u>19,825,149</u>

9 FINANCE COST

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Bank charges	955,982	52,922
Interest expense on loan from a related party (note 29)	811,111	-
Interest expense on bank borrowings	194,732	-
Interest expense on lease liability (note 17)	<u>691,179</u>	<u>425,130</u>
	<u>2,653,004</u>	<u>478,052</u>

10 STAFF COSTS

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Salaries	24,089,880	10,634,290
Share based payments (note 12)	-	9,475,457
Management remuneration (note 29)	2,969,336	897,588
Employees' end of service benefits (note 25)	<u>1,136,688</u>	<u>597,761</u>
	<u>28,195,904</u>	<u>21,605,096</u>
<i>Staff cost is allocated as follows:</i>		
Cost of sales (note 7)	14,028,240	6,688,204
General and administrative expenses (note 8)	<u>14,167,664</u>	<u>14,916,892</u>
	<u>28,195,904</u>	<u>21,605,096</u>

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11 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the year of the Group by the weighted average number of shares in issue throughout the year as follows:

	<i>2021</i>	<i>2020</i>
Profit attributable to the owners of the Company (AED)	<u>57,624,878</u>	<u>12,295,273</u>
Weighted average number of shares (No.)	<u>100,000,000</u>	<u>100,000,000</u>
Basic earnings per share for the year (AED)	<u>0.58</u>	<u>0.12</u>

12 SHARE BASED PAYMENTS

On 5 November 2020, ordinary shares of the Company were granted to key management personnel of the Company, as well as certain personnel of the Parent Company, Ultimate Parent Company and their related entities. The share awards did not have any service or performance conditions ('vesting condition') and, therefore, vested immediately on the grant date. The breakup of the shares awarded is as follows;

	<i>Number of shares</i>
Share awards to key management personnel of the Company	6,000,000
Share awards to personnel of the parent and ultimate parent companies	<u>15,000,000</u>
	<u>21,000,000</u>

The fair value at the grant date (being the measurement date) was estimated at AED 1.58 per share considering the terms and conditions on which the shares were granted. The total fair value of the share awards amounted to AED 33,148,200 and was recorded as follows, with a corresponding increase in the Company's equity.

	<i>Number of shares</i>	<i>2020 AED</i>
Charged to general and administrative expenses (staff cost)	6,000,000	9,475,457
Charged to retained earnings	<u>15,000,000</u>	<u>23,672,743</u>
	<u>21,000,000</u>	<u>33,148,200</u>

During the year, no additional shares were granted to key management personnel of the Group.

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13 PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i> AED	<i>leasehold</i> <i>improvements</i> AED	<i>Building and</i> <i>and</i> <i>machinery</i> AED	<i>Plant</i> <i>fixtures and</i> <i>equipment</i> AED	<i>Furnitures,</i> <i>Motor</i> <i>vehicles</i> AED	<i>Capital</i> <i>work in</i> <i>progress</i> AED	<i>Total</i> AED
2021							
Cost:							
At 1 January 2021	-	15,467,828	2,845,299	3,602,024	4,915,317	3,634,065	30,464,533
Acquired in business combinations (note 5)	115,306,089	333,809,399	125,508,991	5,610,653	10,693,721	547,050	591,475,903
Additions during the year	-	5,710,491	1,381,423	1,607,988	1,589,695	1,649,591	11,939,188
Transfer from capital work in progress	-	3,585,825	-	-	-	(3,585,825)	-
Disposals during the year	-	-	-	-	(837,784)	-	(837,784)
At 31 December 2021	<u>115,306,089</u>	<u>358,573,543</u>	<u>129,735,713</u>	<u>10,820,665</u>	<u>16,360,949</u>	<u>2,244,881</u>	<u>633,041,840</u>
Accumulated depreciation:							
At 1 January 2021	-	3,439,906	1,766,571	2,414,263	3,143,050	-	10,763,790
Acquired in business combinations (note 5)	-	71,687,803	47,888,879	1,714,013	6,544,601	-	127,835,296
Charge for the year	-	1,238,793	1,012,552	969,149	1,079,535	-	4,300,029
Related to disposals	-	-	-	-	(735,396)	-	(735,396)
At 31 December 2021	-	<u>76,366,502</u>	<u>50,668,002</u>	<u>5,097,425</u>	<u>10,031,790</u>	-	<u>142,163,719</u>
Net carrying amount:							
31 December 2021	<u>115,306,089</u>	<u>282,207,041</u>	<u>79,067,711</u>	<u>5,723,240</u>	<u>6,329,159</u>	<u>2,244,881</u>	<u>490,878,121</u>
2020							
Cost:							
At 1 January 2020	-	15,316,128	2,136,998	2,924,730	3,654,309	87,090	24,119,255
Transfer from capital work in progress	-	-	3,440	2,850	-	(6,290)	-
Additions	-	151,700	704,861	674,444	1,261,008	3,553,265	6,345,278
At 31 December 2020	-	<u>15,467,828</u>	<u>2,845,299</u>	<u>3,602,024</u>	<u>4,915,317</u>	<u>3,634,065</u>	<u>30,464,533</u>
Accumulated depreciation:							
At 1 January 2020	-	2,811,642	1,303,245	2,037,546	2,624,064	-	8,776,497
Charge for the year	-	628,264	463,326	376,717	518,986	-	1,987,293
At 31 December 2020	-	<u>3,439,906</u>	<u>1,766,571</u>	<u>2,414,263</u>	<u>3,143,050</u>	-	<u>10,763,790</u>
Net carrying amount:							
31 December 2020	-	<u>12,027,922</u>	<u>1,078,728</u>	<u>1,187,761</u>	<u>1,772,267</u>	<u>3,634,065</u>	<u>19,700,743</u>

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13 PROPERTY, PLANT AND EQUIPMENT continued

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

	2021	2020
	AED	AED
Cost of sales (note 7)	3,152,458	1,470,696
General and administrative expenses (note 8)	<u>1,147,571</u>	<u>516,597</u>
	<u>4,300,029</u>	<u>1,987,293</u>

Property, plant and equipment with a carrying value of AED 132,312,749 (2020: nil) are mortgaged as security against bank borrowings (note 26).

14 INTANGIBLE ASSETS AND GOODWILL

	<i>Goodwill</i>	<i>Brand name</i>	<i>Customer relationship</i>	<i>Trademarks</i>	<i>License</i>	<i>Others</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
At 1 January 2021	-	-	-	-	-	-	-
Relating to business combinations (note 5)	915,925	3,761,404	9,806,340	14,850,665	14,107,925	2,061,756	45,504,015
Addition	-	-	-	-	-	4,400	4,400
Amortisation during the year	-	-	(1,222,222)	-	(1,698,795)	(24,220)	(2,945,237)
At 31 December 2021	<u>915,925</u>	<u>3,761,404</u>	<u>8,584,118</u>	<u>14,850,665</u>	<u>12,409,130</u>	<u>2,041,936</u>	<u>42,563,178</u>
At 31 December 2020	-	-	-	-	-	-	-

Goodwill

Goodwill primarily comprises sales growth, new customers and expected synergies arising from the acquisitions. Goodwill is allocated to respective cash generating units

Brand name

Brand name represents future economic benefits in the form of future business linked with the brand name of one of subsidiary, Royal Horizon Holding LLC. Brand name has an indefinite useful life.

Customer relationships

Customer relationships represents future economic benefits in the form of future business with customers beyond the amount secured by any current contractual arrangement. Customer relationship acquired in a business combination that does not arise from a contract may nevertheless be identifiable because the relationship is separable. These mainly represent non-contractual relationships, which were acquired during 2021 (note 5) and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 6 to 9 years.

Trademarks

Trademarks represent future economic benefits in the form of future business linked with the trademarks under Royal Horizon Holding LLC. The trademarks have indefinite useful lives.

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14 INTANGIBLE ASSETS AND GOODWILL continued*License*

The license allows Royal Horizon Holding LLC to use “Fazaa” name for its retail stores, and was recognized on acquisition of Royal Horizon Holding LLC during the year. The Fazaa license has a useful life of 8 years.

As of 30 November 2021, management performed its annual impairment review of goodwill and intangible assets with indefinite useful lives, using the discounted cashflow model approach.

Following key assumptions were used in the discounted cashflow review:

- Terminal growth rate: 2%
- Discount rate: 16%.

Based on the impairment assessment, management has concluded that no impairment loss is required to be recognised at the reporting date.

15 INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE

Details of the Group’s associate and joint venture are as follows:

<i>Name of the entity</i>	<i>Principal activities</i>	<i>Place of incorporation and operation</i>	<i>Ownership interest</i>	
			<i>2021</i>	<i>2020</i>
<i>Associate:</i>				
NRTC Food Holding LLC (i)	Commercial enterprises investment, institution and management	UAE	41%	-
<i>Joint venture:</i>				
Agriculture Investment Holding Company (Ethmar) Ltd. (ii)	General trading, importing, exporting, storing in public store houses, commercial brokers and storekeepers and warehouses management and operations. Wholesale of fodder trading canned and preserved foodstuff trading, frozen foodstuff trading and agriculture foodstuff trading.	UAE	50%	-

- (i) **NRTC Food Holding LLC (“NRTC”)**
Effective 27 December 2021, NRTC became associate of the Group as a result of the acquisition of Tamween Group LLC (note 5.1).
- (ii) **Agriculture Investment Holding Company (Ethmar) Ltd. (“Ethmar”)**
Effective 27 December 2021, Ethmar became joint venture of the Group as a result of the acquisition of Tamween Group LLC (note 5.1).

Movement in investment in an associate and a joint venture is as follows:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
At 1 January	-	-
Acquired in business combination (note 5.1)	<u>270,498,616</u>	-
At 31 December	<u>270,498,616</u>	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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15 INVESTMENT IN AN ASSOCIATE AND A JOINT VENTURE continued

Summarised financial information in respect of the associate and joint venture of the Group is set out below:

Summarised statements of financial position:

	<i>NRTC</i> <i>AED</i>	<i>Ethmar</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Non-current assets	12,156,778	384,573,207	396,729,985
Current assets	166,332,415	217,248,047	383,580,462
Non-current liabilities	(3,575,621)	(228,854,664)	(232,430,285)
Current liabilities	<u>(69,345,508)</u>	<u>(170,014,710)</u>	<u>(239,360,218)</u>
Equity (100%)	<u>105,568,064</u>	<u>202,951,880</u>	<u>308,519,944</u>
Group percentage holding	41%	50%	
Group's share in net assets	<u>43,282,906</u>	<u>101,475,940</u>	<u>144,758,846</u>
Carrying amount of the Investment	<u>169,484,840</u>	<u>101,013,776</u>	<u>270,498,616</u>

Contingencies and commitments:

The Group's share in material contingencies and commitments of the associate and joint venture is as follows:

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Letters of guarantees and credits	<u>457,150</u>	-

16 BIOLOGICAL ASSETS

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Plants – work in progress	30,551,343	-
Chicken livestock	<u>4,974,217</u>	-
	<u>35,525,560</u>	-

Movement in biological assets is as follows:

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
At 1 January	-	-
Acquired in business combinations (note 5)	<u>35,525,560</u>	-
At 31 December	<u>35,525,560</u>	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

16 BIOLOGICAL ASSETS continued

Biological assets are classified in the consolidated statement of financial position as follows:

	2021	2020
	AED	AED
Current	4,974,217	-
Non-current	<u>30,551,343</u>	<u>-</u>
	<u>35,525,560</u>	<u>-</u>

Biological assets include plants and chicken livestock which are carried at cost. Plants comprise of growing crops. Growing crops are classified as consumable and immature biological assets and considered as work in progress until the crops becomes productive. These biological assets are initially recognized at cost. Cost comprises of cost of preparation of agriculture land, planting and replanting and upkeep of crops and will be transferred to mature plantation when the trees have matured and meet the criteria for commercial production.

Once the fair value of such biological assets becomes reliably measurable, the Group measures it at its fair value less estimated point of sale costs. Gains or losses arising from changes in the fair values of biological assets are included in the consolidated statement of comprehensive income.

There are no quoted market prices for chicken livestock in the Gulf Cooperation Council, and alternatives for measuring fair value are determined by management to be unverifiable. Accordingly, the cost of parent chicken, determined on the basis of monthly average expenditure, comprises purchase price of the day old chicken (“DOC”) and all expenses incurred in bringing the DOCs to the farm from overseas, together with costs such as feed costs, incurred in rearing and maintaining the flock until the egg production commences.

17 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group’s right-of-use assets and lease liabilities and the movements during the year:

Right-of-use assets:

	<i>Land</i>	<i>Motor</i>	<i>Warehouse</i>	<i>Total</i>
	<i>AED</i>	<i>vehicle</i>	<i>AED</i>	<i>AED</i>
		<i>AED</i>	<i>AED</i>	
2021				
At 1 January 2021	7,089,122	-	-	7,089,122
Acquired in business combinations (note 5)	12,614,432	165,655	1,047,725	13,827,812
Additions during the year	6,549,118	-	-	6,549,118
Depreciation expense	<u>(233,882)</u>	<u>-</u>	<u>(314,328)</u>	<u>(548,210)</u>
At 31 December 2021	<u>26,018,790</u>	<u>165,655</u>	<u>733,397</u>	<u>26,917,842</u>
2020				
At 1 January 2020	7,246,689	-	-	7,246,689
Depreciation expense	<u>(157,567)</u>	<u>-</u>	<u>-</u>	<u>(157,567)</u>
At 31 December 2020	<u>7,089,122</u>	<u>-</u>	<u>-</u>	<u>7,089,122</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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17 RIGHT-OF-USE OF ASSETS AND LEASE LIABILITIES continued*Lease liabilities:*

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
As at 1 January	7,662,630	7,521,706
Acquired in business combinations (note 5)	14,494,402	-
Additions during the year	6,549,118	-
Interest expense (note 9)	691,179	425,130
Payments made during the year	<u>(622,484)</u>	<u>(284,206)</u>
As at 31 December	<u>28,774,845</u>	<u>7,662,630</u>

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

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Non-current	26,890,723	7,369,897
Current	<u>1,884,122</u>	<u>292,733</u>
	<u>28,774,845</u>	<u>7,662,630</u>

The Group does not face a significant liquidity risk with regard to its liabilities. Lease liability is monitored within the Group's treasury function. Maturity analysis of the undiscounted lease payments as at 31 December 2021 is disclosed under note 31.

Amounts recognised in the consolidated statement of comprehensive income:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Depreciation of right-of-use assets (<i>cost of sales</i>)	548,210	157,567
Interest expense on lease liabilities (<i>finance cost</i>)	<u>691,179</u>	<u>425,130</u>
	<u>1,239,389</u>	<u>582,697</u>

18 TAXATION

The Group's subsidiary in Arab Republic of Egypt is subject to taxation. Income tax is provided on the basis of estimated taxable income computed by management of the subsidiary using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective region and any adjustment to tax in respect of previous years. However, as the subsidiary was acquired at the end of the year, there is no income tax impact in the consolidated statement of comprehensive income for the year ended 31 December 2021.

The Group is not subject to income tax in the UAE.

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18 TAXATION continued

Amounts reported in the consolidated statement of financial position are as follows:

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Deferred tax liabilities	<u>1,887,875</u>	<u>-</u>

Corporate tax rate applicable in Egypt is 22.5%.

19 INVENTORIES

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Finished goods	62,357,817	8,613,090
Packing and other materials	<u>10,321,187</u>	<u>14,192</u>
	72,679,004	8,627,282
Goods in transit	9,708,340	-
Less: provision for slow moving inventories	<u>(2,239,387)</u>	<u>-</u>
	<u>80,147,957</u>	<u>8,627,282</u>

Movement in allowance for slow moving inventories is as follows:

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
At 1 January	-	-
Acquired in business combination	<u>2,239,387</u>	<u>-</u>
At 31 December	<u>2,239,387</u>	<u>-</u>

20 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OF LOSS

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Quoted and inside the UAE	<u>82,747,019</u>	<u>-</u>

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.

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20 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OF LOSS continued

The investments are recorded at fair value using the valuation techniques as disclosed in note 32. Movement in investments in financial assets carried at fair value through profit or loss is as follows:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
At 1 January	-	-
Additions during the year	50,822,243	-
Changes in fair value	<u>31,924,776</u>	<u>-</u>
At 31 December	<u>82,747,019</u>	<u>-</u>

21 TRADE AND OTHER RECEIVABLES

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Trade receivables	144,105,266	5,981,189
Less: provision for expected credit losses	<u>(14,768,581)</u>	<u>(847,885)</u>
	129,336,685	5,133,304
Advances to suppliers	5,244,355	1,516,033
Deposits and other receivables	13,904,737	1,250,766
Prepayments	<u>5,200,776</u>	<u>493,758</u>
	<u>153,686,553</u>	<u>8,393,861</u>

As at 31 December 2021, trade receivables of AED 14,768,581 (2020: AED 847,885) were impaired.

Movements in the provision for expected credit losses were as follows:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Balance at 1 January	847,885	753,002
Acquired in business combinations	12,976,127	-
Charge for the year (note 8)	<u>944,569</u>	<u>94,883</u>
Balance at 31 December	<u>14,768,581</u>	<u>847,885</u>

The carrying amounts of the Group's trade receivables are denominated in the UAE Dirham and approximate their fair value as at 31 December 2021 and 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.

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21 TRADE AND OTHER RECEIVABLES continued

Below is the information about the credit risk exposure on the Group's trade receivables:

	<i>Not past due</i> AED	<i>1 - 30</i> AED	<i>31 - 60</i> AED	<i>61 - 90</i> AED	<i>121 - 360</i> AED	<i>> 360</i> AED	<i>Total</i> AED
31 December 2021							
Expected credit loss	1.09%	4.09%	7.00%	40.11%	28.74%	91.69%	10.25%
Estimated total gross carrying amount as default	95,149,660	18,159,329	7,283,225	13,658,694	3,226,990	6,627,368	144,105,266
Expected credit loss	1,032,439	743,336	510,112	5,478,818	927,508	6,076,368	14,768,581
31 December 2020							
Expected credit loss	0.28%	0.28%	0.28%	0.28%	17.34%	100.00%	14.18%
Estimated total gross carrying amount as default	1,926,747	1,835,558	705,293	405,701	331,060	776,830	5,981,189
Expected credit loss	5,395	5,140	1,975	1,136	57,409	776,830	847,885

22 CASH AND BANK BALANCES

	2021 AED	2020 AED
Cash in hand	1,750,948	33,040
Bank balances		
Current accounts	169,669,923	160,845,419
Margin accounts	1,017,000	-
Term deposits	2,293,969	-
Less: allowance for expected credit loss	<u>(26,511)</u>	<u>-</u>
Cash and bank balances	174,705,329	160,878,459
Less: term deposits with an original maturity of more than three months	<u>(2,293,969)</u>	<u>-</u>
Cash and cash equivalents	<u>172,411,360</u>	<u>160,878,459</u>

Term deposits are placed with commercial banks. These are mainly denominated in the UAE Dirhams and earn interest at market rates. These deposits have original maturity between 1 to 12 months.

23 SHARE CAPITAL

	2021 AED	2020 AED
Authorised, issued and fully paid shares		
100,000,000 ordinary shares (2020: 100,000,000 shares) of AED 1 each (2020: AED 1 each)	<u>100,000,000</u>	<u>100,000,000</u>

On 5 November 2020, the shareholders approved the increase in the Company's share capital from AED 1,000,000 to AED 100,000,000, with the reduction of the par value per share from AED 10 to AED 1 and the issuance of 99,900,000 new shares.

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23 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.

24 STATUTORY RESERVE

In accordance with the UAE Federal Law No. 2 of (2015) (as amended), 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.

25 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the consolidated statement of financial position are as follows:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
At 1 January	3,821,827	3,318,741
Acquired in business combinations (note 5)	5,374,704	-
Provided during the year (note 10)	1,136,688	597,761
Transfer from a related party (note 29)	-	7,767
Paid during the year	(148,466)	(102,442)
At 31 December	<u>10,184,753</u>	<u>3,821,827</u>

26 BANK BORROWINGS

Movement in bank borrowings during the year is as follows:

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Balance at 1 January	-	-
Acquired in business combinations (note 5)	84,410,108	-
Drawdowns	10,853,857	-
Repayments	(20,061,271)	-
	<u>75,202,694</u>	<u>-</u>

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26 BANK BORROWINGS continued

Disclosed in the consolidated statement of financial position as follows:

				<i>2021</i>	<i>2020</i>
				<i>AED</i>	<i>AED</i>
Non-current				40,437,243	-
Current				<u>34,765,451</u>	<u>-</u>
				<u>75,202,694</u>	<u>-</u>
<i>Borrowings from financial institutions:</i>	<i>Security</i>	<i>Interest rates</i>	<i>Maturity</i>	<i>2021</i>	<i>2020</i>
				<i>AED</i>	<i>AED</i>
Term loan	Secured	EIBOR + 3%	31 March 2025	56,437,243	-
Trust receipts	-	EIBOR + 3%	180 days	<u>18,765,451</u>	<u>-</u>
				<u>75,202,694</u>	<u>-</u>

Term Loan

Term loan was obtained by a subsidiary of the Company to finance the construction of a factory for the processing of frozen and fresh sea food. The loan is repayable in quarterly installments of AED 4 million each and is secured by the corporate guarantee of a subsidiary of the Group and a mortgage over the factory.

Trust Receipts

Trust receipts carry an interest rate at EIBOR + 3% per annum and have a maturity of 180 days.

Short term loan

The Group also has a short term loan facility of AED 15 million, obtained by a subsidiary of the Company to finance to purchase the inventories (6 months EIBOR + 4%). The facility has a tenure of 150 days and is renewal upon maturity. The facility is secured by the Corporate guarantee of the Group and is mortgaged over the receivables and inventories. As at 31 December 2021, the Group had availed nil (2020: nil) out of the total facility.

27 TRADE AND OTHER PAYABLES

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Trade accounts payable	121,690,156	49,672,680
Advances from customers	90,084	-
Deferred revenue	1,938,761	-
Accrued and other payables	<u>103,281,429</u>	<u>4,955,519</u>
	<u>227,000,430</u>	<u>54,628,199</u>

The Group's trade accounts payables have usual credit terms of 30 to 90 days from the invoice date. No interest is charged on trade and other payables.

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28 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Letter of credit and guarantee	<u>25,743,964</u>	<u>823,803</u>
Commitment for capital expenditures	<u>1,152,150</u>	<u>-</u>

The above letter of guarantee have been issued from a local bank in the ordinary course of business on which the bank charges a fee at the market rate.

The Group's share in contingencies and commitments of the associates and joint ventures is disclosed under note 15.

29 RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Amounts due from related parties:		
<i>Entities under common control</i>		
Al Yasat Catering and Restaurant Supplies LLC	3,090,024	1,306,091
Sarha Ship	3,331,800	2,831,432
International Holding Company PJSC	5,628,281	-
Asmak Holding Company Limited	16,218,618	-
Tamouh Healthcare LLC	12,483,843	-
International Securities LLC	1,105,833	-
Cine Royal Cinema LLC	333,761	69,524
Al Masira Cargo Transports LLC	173,590	-
Union Professional Electrical and Mechanical Works	158,855	-
Others	<u>9,902,352</u>	<u>4,625,751</u>
	52,426,957	8,832,798
<i>Other related parties</i>		
The Private Affairs Department of Sheikha Fatima	48,103,895	73,229,148
Meena Palace	29,805,721	22,814,664
H.H. Sheikh Hamdan Bin Zayed Al Nahyan	731,055	1,083,043
H.H. Sheikh Abdulla Bin Zayed Al Nahyan	538,326	446,961
Office of H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	<u>7,601</u>	<u>8,846</u>
	131,613,555	106,415,460
Less: allowance for excepted credit losses	<u>(468,686)</u>	<u>(651,737)</u>
	<u>131,144,869</u>	<u>105,763,723</u>

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29 RELATED PARTY TRANSACTIONS AND BALANCES continued

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

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
As at 1 January	651,737	651,169
Acquired in business combinations	47,706	-
Write off during the year	(210,959)	(45,429)
(Reversal of) provision for expected credit losses	(19,798)	45,997
As at 31 December	<u>468,686</u>	<u>651,737</u>
Balances with a financial institution (other related party)	<u>133,356,295</u>	<u>160,845,419</u>
borrowings from a financial institution (other related party)	<u>75,202,694</u>	<u>-</u>
Investments carried at fair value through profit or loss (entities under common control)	<u>77,022,528</u>	<u>-</u>

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

	<i>2021</i>	<i>2020</i>
	<i>AED</i>	<i>AED</i>
Amounts due to related parties:		
<i>Entities under common control</i>		
International Holding Company PJSC	95,495,863	-
Alliance Foods Co. LLC*	-	2,238,099
Asmak Holding Company Limited	1,996,916	-
Others	<u>3,730,109</u>	<u>301,346</u>
	<u>101,222,888</u>	<u>2,539,445</u>
<i>Other related parties</i>		
H.H. Sheikh Tahnoon Bin Zayed Al Nahyan	<u>400,000</u>	<u>400,000</u>
	<u>101,622,888</u>	<u>2,939,445</u>
Loan from a related party		
IHC Food Holdings LLC**	<u>80,811,111</u>	<u>80,000,000</u>

* During the year, the Group acquired 100% shareholding in Alliance Foods Co. LLC.

** 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.

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29 RELATED PARTY TRANSACTIONS AND BALANCES continued

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

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Transfer of provision for employees' end of service benefits from other related party (note 25)	<u>-</u>	<u>7,767</u>
Share based payments - awards to personnel of the parent and ultimate parent companies (note 12)	<u>-</u>	<u>23,672,743</u>
Revenues		
<i>Entities under common control</i>	35,434,756	7,707,851
<i>Other related parties</i>	<u>314,198,107</u>	<u>256,155,081</u>
	<u>349,632,863</u>	<u>263,862,932</u>
Purchases		
<i>Entities under common control</i>	22,227,130	7,441,676
<i>Other related parties</i>	<u>283,032</u>	<u>34,829</u>
	<u>22,510,162</u>	<u>7,476,505</u>
Finance cost (<i>Parent</i>)	<u>811,111</u>	<u>-</u>

Refer to note 5 and 15 for the acquisitions of subsidiaries, associate and joint venture, respectively, that fall under entities under common control.

Compensation of key management personnel

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

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Management remuneration (note 10)	2,969,336	897,588
Employees' end of service benefits	114,645	85,044
Share based payments (note 12)	<u>-</u>	<u>9,475,457</u>
	<u>3,083,981</u>	<u>10,458,089</u>

31 FINANCIAL RISK MANAGEMENT**Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

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31 FINANCIAL RISK MANAGEMENT continued**Capital management** continued

There were no changes in the Group's approach to capital management during the year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Bank borrowings	75,202,694	-
Lease liabilities	28,774,845	7,662,630
Loan from a related party	80,811,111	80,000,000
Cash and bank balances	<u>(174,705,329)</u>	<u>(160,878,459)</u>
Net debt	<u>10,083,321</u>	<u>(73,215,829)</u>
Equity	<u>935,188,666</u>	<u>161,401,089</u>
Debt/equity ratio	<u>0.1</u>	<u>-</u>

For the purpose of the Group's capital risk management, capital includes share capital, merger reserve, contributed capital, statutory reserve and retained earnings attributable to the equity holders of the Company.

Financial risk management objectives

The Group's finance department monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk and liquidity risk. The Group does not enter into or trade in derivative financial instruments for speculative or risk management purposes.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as commodity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Price risk

The Group is exposed to equity securities price risk because of quoted investments held by the Group. The Group's quoted investment portfolio amounted to AED 82,747,019 (2020: nil). At the reporting date if the prices of investments were 5% higher/lower with all other variables held constant, the Group's equity and profit or loss would have increased/decreased as follows:

	<i>2021</i> <i>AED</i>	<i>2020</i> <i>AED</i>
Impact on the Group's profit for the year (increase/decrease)	<u>4,137,351</u>	<u>-</u>

Currency risk

Assets are typically funded in the same currency as that of the business being transacted to eliminate exchange exposures. Management believes that there is a minimal risk of significant losses due to exchange rate fluctuations as most of its monetary assets and liabilities are denominated in UAE Dirhams, and in Egyptian Pounds for the Group's subsidiary in Egypt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

31 FINANCIAL RISK MANAGEMENT continued**Market risk management** continued*Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. At 31 December 2021, if interest rates on the bank borrowings had been 100 basis points lower/higher with all other variables held constant, profit for the year would have been increased or decreased by AED 752,027 (2020: nil).

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 is exposed to credit risks from its operating activities (primarily for trade and other receivable and amounts due from related parties) and from its financing activities, including bank balance and cash.

There are policies in place to ensure that services are rendered to customers with an appropriate credit history. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The maturity profile of financial liabilities is monitored by management to ensure adequate liquidity is maintained. The Group limits its liquidity risk by ensuring funds from partners and bank facilities are available.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	<i>1 year or less AED</i>	<i>1 to 5 years AED</i>	<i>Over 5 years AED</i>	<i>Total AED</i>
At 31 December 2021				
Borrowings	34,961,914	42,739,405	-	77,701,319
Trade and other payables	224,971,585	-	-	224,971,585
Lease liabilities	1,884,122	7,858,932	70,134,898	79,877,952
Loan from a related party	80,811,111	-	-	80,811,111
Amounts due to related parties	<u>101,622,888</u>	<u>-</u>	<u>-</u>	<u>101,622,888</u>
Total	<u>444,251,620</u>	<u>50,598,337</u>	<u>70,134,898</u>	<u>564,984,855</u>
At 31 December 2020				
Trade and other payables	54,628,199	-	-	54,628,199
Lease liability	292,733	1,600,782	25,248,620	27,142,135
Loan from a related party	80,000,000	-	-	80,000,000
Amounts due to related parties	<u>2,939,445</u>	<u>-</u>	<u>-</u>	<u>2,939,445</u>
Total	<u>137,860,377</u>	<u>1,600,782</u>	<u>25,248,620</u>	<u>164,709,779</u>

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32 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 and biological 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 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).

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

	<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>31 December 2021</i>	<i>31 December 2020</i>				
	<i>AED</i>	<i>AED</i>				
<i>Financial assets</i>						
Financial assets at fair value through profit or loss	82,747,019	-	Level 1	Quoted bid prices in an active market.	None	Not applicable

There were no transfers between each of levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

33 SUBSEQUENT EVENTS

Subsequent to the year end, the shareholders of the Company approved to change the name of the Company from "Zee Store PJSC" to "Ghitha Holding PJSC" in the annual general assembly held on 7 January 2022.