UNITED FOODS COMPANY (PSC)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2022

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the interim condensed consolidated statement of financial position as at 31 March 2022, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

30 April 2022

Dubai, United Arab Emirates

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the period ended 31 March 2022 (Unaudited)

		Three months ended	
	Notes	***31 March 2022 AED***	*31 March 2021 AED*
Revenue from contracts with customers, gross		**195,850,788**	140,948,229
Less: Discounts and marketing expenses		**(6,427,831)**	(6,123,024)
Revenue from contracts with customers, net		**189,422,957**	134,825,205
Cost of sales		**(165,552,489)**	(113,893,975)
GROSS PROFIT		**23,870,468**	20,931,230
Selling and distribution expenses		**(11,414,995)**	(8,868,426)
General and administrative expenses		**(4,585,746)**	(4,249,865)
Finance costs		**(268,829)**	(247,140)
Other income, net		**615,509**	682,647
PROFIT FOR THE PERIOD	3	**8,216,407**	8,248,446
Profit attributable to:			
Owners of the Group		**8,216,407**	8,248,446
Earnings per share:			
Earnings per share-basic and diluted in AED	9	**0.27**	0.27

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2022 (Unaudited)

	Three months ended	
	31 March 2022 AED	*31 March 2021 AED*
Profit for the period	**8,216,407**	8,248,446
Other comprehensive (loss)/income		
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity securities measured at FVOCI	**(108,697)**	212,751
Other comprehensive (loss)/income	**(108,697)**	212,751
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8,107,710**	8,461,197

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	*31 March 2022 AED (Unaudited)*	*31 December 2021 AED (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	4	**85,810,926**	86,982,728
Right-of-use assets	5	**17,321,837**	17,739,476
Intangible asset		**921,725**	920,402
Goodwill	6	**1,321,304**	1,321,304
Investment securities		**1,842,115**	1,950,812
		107,217,907	108,914,722
Current assets			
Inventories		**107,546,783**	104,766,259
Trade and other receivables		**148,646,875**	105,860,579
Amounts due from related parties	11	**594,904**	602,070
Bank balances and cash	7	**59,018,716**	52,267,356
		315,807,278	263,496,264
TOTAL ASSETS		**423,025,185**	372,410,986
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**30,250,000**	30,250,000
Statutory reserve		**15,125,000**	15,125,000
Regular reserve		**15,125,000**	15,125,000
General reserve		**65,314,980**	65,314,980
Fair value reserve		**724,736**	833,433
Retained earnings		**182,570,790**	174,354,383
Total equity		**309,110,506**	301,002,796
Non-current liabilities			
Employees' end of service benefits		**8,603,350**	8,285,260
Lease liabilities	10	**11,039,982**	11,216,471
		19,643,332	19,501,731
Current liabilities			
Trade and other payables		**64,350,695**	45,498,979
Lease liabilities	10	**1,850,380**	2,036,582
Bank overdrafts	7	**28,070,272**	4,370,898
		94,271,347	51,906,459
Total liabilities		**113,914,679**	71,408,190
TOTAL EQUITY AND LIABILITIES		**423,025,185**	372,410,986

Mohamed Salim Rashid Abdalla Al Owais
Deputy Chairman
30 April 2022

Mohammed Abdel Aziz Ali Abdalla Al Owais
Executive Vice Chairman
30 April 2022

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2022 (Unaudited)

2022:	*Share capital AED*	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2022	30,250,000	15,125,000	15,125,000	65,314,980	833,433	174,354,383	301,002,796
Profit for the period	-	-	-	-	-	8,216,407	8,216,407
Other comprehensive loss	-	-	-	-	(108,697)	-	(108,697)
Total comprehensive income / (loss) for the period	-	-	-	-	(108,697)	8,216,407	8,107,710
Balance as at 31 March 2022	**30,250,000**	**15,125,000**	**15,125,000**	**65,314,980**	**724,736**	**182,570,790**	**309,110,506**

The Annual General Meeting held on 11 April 2022 approved a dividend of AED 0.20 per share totalling to AED 6,050,000 and approved the remuneration of the Board of Directors of AED 725,000 accounted for as at 31 December 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2022 (Unaudited)

2021:	*Share capital AED*	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2021	30,250,000	15,125,000	15,125,000	65,314,980	(133,397)	185,980,889	311,662,472
Profit for the period	-	-	-	-	-	8,248,446	8,248,446
Other comprehensive income	-	-	-	-	212,751	-	212,751
Total comprehensive income for the period	-	-	-	-	212,751	8,248,446	8,461,197
Dividends declared	-	-	-	-	-	(19,662,500)	(19,662,500)
Balance as at 31 March 2021	30,250,000	15,125,000	15,125,000	65,314,980	79,354	174,566,835	300,461,169

The Annual General Meeting held on 22 March 2021 approved a dividend of AED 0.65 per share totalling to AED 19,662,500, which was paid subsequent to the period ended 31 March 2021, and approved the remuneration of the Board of Directors of AED 3,700,000 accounted for as at 31 December 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2022 (Unaudited)

	Notes	*Three months ended* **31 March 2022 AED**	*31 March 2021 AED*
OPERATING ACTIVITIES			
Profit for the period		**8,216,407**	8,248,446
Adjustments for:			
Depreciation on property, plant and equipment		**2,757,093**	2,798,906
Depreciation on right-of-use assets	5	**417,639**	476,495
Amortisation of intangible assets		**83,677**	54,273
Finance costs		**268,829**	247,140
Provision for employees' end of service benefits		**520,406**	401,169
Provision for expected credit losses		**483,509**	31,349
Provision for slow moving inventories		**22,208**	-
		12,769,768	12,257,778
Working capital changes:			
Inventories		**(2,802,732)**	(30,149,919)
Trade and other receivables		**(43,269,805)**	(23,339,342)
Trade and other payables		**18,851,716**	51,368,489
Amounts due from related parties		**7,166**	(148,418)
Cash (used in) / generated from operations		**(14,443,887)**	9,988,588
Employees' end of service benefits paid		**(202,316)**	(44,944)
Net cash (used in) / generated from operating activities		**(14,646,203)**	9,943,644
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(1,585,291)**	(271,827)
Fixed deposits placement		**-**	(500,000)
Acquisition of intangible assets		**(85,000)**	(460,953)
Net cash used in investing activities		**(1,670,291)**	(1,232,780)
FINANCING ACTIVITIES			
Payment of lease liabilities	10	**(532,303)**	(599,002)
Finance costs paid		**(99,217)**	(62,066)
Cash margins against bank guarantees	7	**(7,212,949)**	-
Net cash used in financing activities		**(7,844,469)**	(661,068)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(24,160,963)**	8,049,796
Cash and cash equivalents at 1 January		**46,896,458**	114,515,279
CASH AND CASH EQUIVALENTS AT 31 MARCH	7	**22,735,495**	122,565,075

Non-cash transaction:

During the period ended 31 March 2021, the Group declared a dividend of AED 19,662,500 which remained unpaid and included in accounts payable and accruals as of 31 March 2021. This, being non-cash transaction, was excluded from the interim condensed consolidated statement of cash flows.

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

1 ACTIVITIES

United Foods Company (PSC) (the "Company") is a Public Shareholding Company, incorporated on 1 November 1976 by a Decree issued by His Highness, The Ruler of Dubai. On 27 June 1994, the Company amended its status to a public shareholding company to comply with the provisions of the applicable UAE Federal Law at the time.

The Company's shares are listed on the Dubai Financial Market (DFM) since July 2006.

The Company is primarily engaged in the manufacturing, processing and marketing of vegetable ghee, cooking oil, margarine, butter products and fat including trading of other food products. The registered address of the Company is P.O. Box 5836, Dubai, UAE.

Effective 31 August 2021, the Company has acquired 100% controlling interest in Stratus General Trading LLC and PAL Foodstuff & Beverages Trading LLC (refer to note 6).

The Company and its following subsidiaries form the "Group" and together referred as the "Group" in these interim condensed consolidated financial statements. The subsidiaries' principal activities and legal and beneficial ownership are set out below:

Name of the subsidiary	*Principal activity*	*Country of incorporation*	***Ownership% 31 March 2022***	*Ownership% 31 December 2021*
Stratus General Trading LLC	General Trading -Wholesalers	U.A. E	**100%**	100%
PAL Foodstuff & Beverages Trading LLC	Food and Beverages Trading	U.A. E	**100%**	100%

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

Basis of preparation
The interim condensed consolidated financial statements for the three months period ended 31 March 2022 have been prepared in accordance with IAS 34 "*Interim Financial Reporting*". The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2021.

In addition, results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

When preparing the interim condensed consolidated financial statements, management undertakes number of judgements, estimates, and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

Federal Decree-Law 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 Group 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.

New standards, interpretations and amendments adopted by the Group
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards, amendments and interpretations effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several standards, amendments and interpretations apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3 PROFIT FOR THE PERIOD

Profit for the period is stated after charging:

	Three months ended	
	31 March 2022 AED (Unaudited)	*31 March 2021 AED (Unaudited)*
Inventories charged to cost of sales	**158,287,639**	107,555,935
Employee expenses	**10,310,302**	9,248,074
Rental - operating lease *	**107,810**	200,526

* Rental – operating leases expense for the period ended 31 March 2022 relates to the lease contracts that have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

4 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals
During the period ended 31 March 2022, the Group incurred costs in respect of additions amounting to AED 1,585,291 (for the year ended 31 December 2021: AED 2,901,428).

As at 31 March 2022, capital work-in-progress of AED 2,317,342 (31 December 2021: AED 1,643,917) includes the expenditure incurred on the expansion of factory and warehouse facility in Jebel Ali Industrial Area. It includes capital advances of AED 1,101,668 (31 December 2021: AED 624,182).

5 RIGHT-OF-USE ASSETS

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
As at 1 January	**17,739,476**	19,848,951
Addition during the period/year	**-**	726,820
Acquired through business combination (Note 6)	**-**	8,156
Less: retirements during the period/year	**-**	(1,034,138)
Less: depreciation for the period/year	**(417,639)**	(1,810,313)
	17,321,837	17,739,476

The Group has lease contracts for various items of land and motor vehicles.

6 BUSINESS COMBINATION

Effective 31 August 2021, the Company has entered into share purchase agreements to acquire 100% of voting shares of Stratus General Trading LLC ("SGT") and PAL Foodstuff & Beverages Trading LLC ("PAL"), unlisted companies incorporated and registered in United Arab Emirates. The Company has acquired SGT and PAL because these expand both its existing product portfolio and customer base in GCC region. No non-controlling interest arose from the acquisitions.

The Company has accounted for the above acquisition on provisional basis by applying the acquisition method as per IFRS 3 "Business Combinations" on achieving the control and expect to finalise the acquisition accounting on finalisation of fair values of assets acquired and liabilities assumed within one year of the acquisition date.

The Group has recognised a provisional value of goodwill of AED 1,321,304. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of SGT and PAL with those of the Group. The Group intends to allocate the goodwill on finalisation of acquisition accounting. The Group has concluded that there are no indicators of impairment of goodwill as at the reporting date.

The consolidated financial statements include the results of SGT and PAL from date of acquisition.

Assets acquired and liabilities assumed - SGT

The provisional fair values of the identifiable assets and liabilities of SGT as at date of acquisition 31 August 2021 were:

	Provisional fair values recognised on acquisition AED
Assets	
Property, plant and equipment	**474,113**
Intangible assets	**84,514**
Right-of-use assets	**8,156**
Inventories	**1,078,231**
Trade receivables and other receivables	**1,408,669**
Bank balances and cash	**83,029**
	3,136,712

	Provisional fair values recognised on acquisition AED
Liabilities	
Trade and other payables	**257,762**
Employees' end of service benefits	**147,547**
Total liabilities	**405,309**
Total identifiable net assets at fair value	**2,731,403**
Consideration payable by the Company to acquire 100% of equity	**3,820,000**
Less: fair value of net assets acquired	**(2,731,403)**
Goodwill	**1,088,597**

6 BUSINESS COMBINATION (continued)

Consideration

As per sale and purchase agreement, the consideration agreed was AED 4,250,000, subject to certain adjustments resulting form change in net assets of SGT from the date of sale and purchase agreement to closing date i.e. 31 August 2021, to be agreed between the parties. The Company has adjusted the consideration to AED 3,820,000 after considering the adjustments as per agreement. However, those adjustments are yet to be formally agreed with seller.

Contribution during the period

From 1 January 2022 to 31 March 2022, SGT has contributed AED 4,119,740 of revenue and profit of AED 541,678 from the continuing operations of the Group.

Assets acquired and liabilities assumed - PAL

	Provisional Fair value recognised on acquisition AED
Assets	
Property, plant and equipment	**37,157**
Inventories	**596**
Trade receivables and other receivables	**107,291**
Bank balances and cash	**98,726**
	243,770

	Provisional Fair value recognised on acquisition AED
Liabilities	
Trade and other payables	**162,726**
Employees' end of service benefits	**48,751**
Total liabilities	**211,477**
Total identifiable net assets at fair value	**32,293**
Consideration payable by the Company to acquire 100% of equity	**265,000**
Less: fair value of net assets acquired	**(32,293)**
Goodwill	**232,707**

Consideration

As per sale and purchase agreements, the consideration agreed was AED 300,000, subject to certain adjustments resulting form change in net assets of PAL from the date of sale and purchase agreement to closing date i.e. 31 August 2021, to be agreed between the parties. The Company has adjusted the consideration to AED 265,000 after considering the adjustments as per agreement. However, those adjustments are yet to be formally agreed with seller.

Contribution during the period

From 1 January 2022 to 31 March 2022, PAL has contributed AED 655,774 of revenue and loss of AED 88,922 from the continuing operations of the Group.

6 BUSINESS COMBINATION (continued)

Analysis of cash flows on acquisitions:	*AED*
Net cash acquired with the subsidiaries	**181,755**
Cash paid	**(4,085,000)**
Net cash flow on acquisition	**(3,903,245)**

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	Goodwill AED
Gross carrying amount	
At 1 January 2022	
- SGT	**1,088,597**
- PAL	**232,707**
At 31 March 2022	**1,321,304**

The Group has assessed the provisional goodwill for impairment and concluded that there are no impairment.

7 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Cash in hand	**146,312**	187,049
Bank balances	**18,772,404**	1,980,307
Deposits	**40,100,000**	50,100,000
Bank balances and cash	**59,018,716**	52,267,356
Less: Deposits with an original maturities of more than 3 months	**(1,000,000)**	(1,000,000)
Bank overdrafts	**(28,070,272)**	(4,370,898)
Cash margins against bank guarantees (*)	**(7,212,949)**	-
Cash and cash equivalents	**22,735,495**	46,896,458

Deposits are placed with local banks and accrue interest at prevailing market rates.

(*) Cash margins against bank guarantees represent an amount of AED 7,212,949 pledged as a bank guarantee to the court against the case filed against the Group by a claimant (note 12).

8 SHARE CAPITAL

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Authorised, issued and fully paid up:		
30,250,000 ordinary shares of 1 AED each (31 December 2021: 30,250,000 ordinary shares of 1 AED each)	**30,250,000**	30,250,000

9 EARNINGS PER SHARE

Basic and diluted earnings per share of AED 0.27 per share (for the three months period ended 31 March 2021: AED 0.27 per share) are calculated by dividing the profit for the period amounting to AED 8,216,407 (for the three months period ended 31 March 2021: AED 8,248,446) by the weighted average number of ordinary shares outstanding during the period ended 31 March 2022 of 30,250,000 shares (during the three months period ended 31 March 2021: 30,250,000 shares).

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

10 LEASE LIABILITIES

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
At 1 January	**13,253,053**	14,495,930
Additions during the period/ year	**-**	726,820
Add: finance costs	**169,612**	729,427
Retirements during the year	**-**	(1,018,741)
Less: payments during the period / year, net of prepayments and accruals adjustment	**(532,303)**	(1,680,383)
	12,890,362	13,253,053

Presented on statement of financial position as follows:

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Current	**1,850,380**	2,036,582
Non-current	**11,039,982**	11,216,471
	12,890,362	13,253,053

11 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, 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 in line with the Group's board of directors.

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	Three months ended	
	31 March 2022 AED (Unaudited)	*31 March 2021 AED (Unaudited)*
Entities under common control:		
Sales to related parties	**566,575**	274,050

Compensation of key management personnel
The remuneration of directors and other key members of management during the period were as follows:

	Three months ended	
	31 March 2022 AED (Unaudited)	*31 March 2021 AED (Unaudited)*
Short-term benefits	**766,876**	798,699
Employees' end of service benefits	**36,017**	36,717
Bonus	**143,014**	143,014
Directors Sitting fee	**15,000**	30,000
	960,907	1,008,430

b) Amounts due from related parties:

	31 March 2022 AED (Unaudited)	*31 December 2021 AED (Audited)*
Entities under common control		
Trade receivables	**594,904**	602,070

12 CONTINGENCIES AND COMMITMENTS

Contingent liabilities
At 31 March 2022, the Group had contingent liabilities in respect of banks amounting to AED 9,444,536 (31 December 2021: AED 1,718,938) from which it is anticipated that no material liabilities will arise.

Legal claim contingency
The Group has a few pending litigations that occur in the ordinary course of business. To the extent, the Directors believe appropriate, adequate provisions have been made in the accounts.

During 2021, a court of first instance had ordered the Group to pay an amount of AED 7.1 million under a claim by an ex-distributor. Accordingly, the Group booked a provision for this amount during the year ended 31 December 2021. During the three-month period ended 31 March 2022, an amount of AED 7,212,949 was given as a bank guarantee to the court against the case filed against the Group by a claimant. The Group, as per the directives of the court, was required to submit the amount as a bank guarantee during the three-month period ended 31 March 2022 (note 7). The court of cassation ruled its judgement of appeal no. 150/2022 on 20 April 2022 and obligated the Group to liquidate the bank guarantee and deposit the same to the execution account favoring the claimant.

12 CONTINGENCIES AND COMMITMENTS (continued)

Capital commitments
At 31 March 2022, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 3,686,089 (31 December 2021: AED 2,682,932).

13 SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in manufacturing, processing and marketing of hydrogenated vegetable ghee, cooking oil, margarine, butter products and fat including trading of food products. All the relevant information relating to this reporting/operating segment is disclosed in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and notes to the interim condensed consolidated financial statements.

IFRS also requires an entity to report its segment assets and revenues along geographical regions. All significant activities of the Group are performed on an integrated basis in the Middle East and the Directors do not consider an analysis by individual country would be meaningful.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

Major customer
During the period ended 31 March 2022, revenue from no customer accounts for 10% or more of the Group’s total revenue (31 March 2021: Revenue from no customer accounts for 10% or more of the Group’s total revenue).

14 FIDUCIARY ASSETS

As at 31 March 2022, the Group held 8.40 MT (31 December 2021: 54.75 MT) raw materials, in a fiduciary capacity on behalf of third parties.

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade and other receivables, amounts due from related parties and investment securities at fair value through other comprehensive income. Financial liabilities consist of trade and other payables and lease liabilities.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

As at 31 March 2022, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 March 2022 AED	***Level 1 AED***	***Level 2 AED***	***Level 3 AED***
Quoted equity securities				
Consumer Staples Sector	**1,239,615**	**1,239,615**	**-**	**-**
Investments and Financial Services Sector	**602,500**	**602,500**	**-**	
Total	**1,842,115**	**1,842,115**	**-**	**-**

As at 31 December 2021, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2021 AED	*Level 1 AED*	*Level 2 AED*	*Level 3 AED*
Quoted equity securities				
Consumer Staples Sector	1,240,812	1,240,812	-	-
Investments and Financial Services Sector	710,000	710,000	-	-
Total	1,950,812	1,950,812	-	-

During the period ended 31 March 2022 and year ended 31 December 2021, there were no transfers between the various levels of fair value measurements.