Union Coop

Condensed interim financial statements

for the six months period ended 30 June 2024

Union Coop

Review report and condensed interim financial statements
for the six months period ended 30 June 2024

Table of contents | ***Pages***

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent Auditors' Report on Review of Condensed Interim Financial Statements

To the Board of Directors of Union Coop

Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed statement of financial position of Union Coop ("the Society") as at 30 June 2024, the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended, and notes to the interim financial statements ("the condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, '*Interim Financial Reporting*'. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of condensed interim financial statements 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 condensed interim financial statements as at 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

Based on the information that has been made available to us, except for that the Society has not complied with a number of clauses in the UAE Federal Law No. (6) of 2022 pertaining to co-operative societies and/or its articles of associations, relating to percentage of dividend declared and sufficiency of legal reserve, nothing else has come to our attention which causes us to believe that the Society has contravened during the six months period ended 30 June 2024 any of the applicable provisions of the UAE Federal Law No. (6) of 2022 pertaining to co-operative societies or its Articles of Association, which would materially affect its activities or its financial position as at 30 June 2024.

As indicated on note 2 to the condensed interim financial statements, the Society has adopted UAE Federal Law No. (6) of 2022 whereas they are still in the process of updating their articles of associations which is pending the release of the Executive Regulations by the relevant authority.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Dubai, United Arab Emirates

Date: 08 AUG 2024

Union Coop

Condensed statement of financial position
as at

	Note	30 June 2024 AED (unaudited)	31 Dec 2023 AED (audited)
ASSETS			
Property and equipment	4	**2,032,599,081**	2,034,869,295
Investment properties		**472,814,533**	426,032,389
Intangible assets		**2,972,355**	4,871,333
Right of use assets		**438,166,705**	440,971,538
Capital advances		**19,098,366**	17,096,822
Investment in associate		**6,145,588**	6,145,588
Non-current assets		**2,971,796,628**	2,929,986,965
Inventories	5	**321,299,174**	285,420,170
Trade and other receivables	6	**68,742,087**	74,771,750
Short-term deposits	7	**-**	70,000,000
Cash and cash equivalents	7	**57,561,682**	84,668,150
Current assets		**447,602,943**	514,860,070
Total assets		**3,419,399,571**	3,444,847,035
EQUITY AND LIABILITIES			
Equity			
Share capital		**1,764,138,140**	1,764,138,140
Legal reserve	8	**882,069,070**	882,069,070
Defined benefit obligations reserve		**(223,368)**	(223,368)
Community responsibility reserve		**11,486,250**	23,363,323
Treasury stock		**(95,527,209)**	(95,527,209)
Accumulated losses		**(144,414,268)**	(22,569,572)
Total equity		**2,417,528,615**	2,551,250,384
Liabilities			
Employees' end of service benefits		**56,183,481**	69,726,574
Lease liability		**436,801,637**	433,136,700
Non-current liabilities		**492,985,118**	502,863,274
Trade and other payables	10	**489,291,968**	371,572,927
Lease liability		**19,593,870**	19,160,450
Current liabilities		**508,885,838**	390,733,377
Total liabilities		**1,001,870,956**	893,596,651
Total equity and liabilities		**3,419,399,571**	3,444,847,035

To the best of our knowledge, the condensed interim financial statements for the six months period ended 30 June 2024 are prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'. The condensed interim financial statements were authorised for issue by the Society's board of directors on 8 August 2024.

Chairman

CEO

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 and 2.
The notes on pages 7 to 18 are an integral part of these condensed interim financial statements.

Union Coop

Condensed statement of profit or loss and other comprehensive income

For the six months period ended 30 June

	Note	**2024 AED (unaudited)**	2023 AED (unaudited) restated*
Income from sale of goods	12	**962,328,386**	915,019,962
Income from other operating activities		**312,485,412**	303,474,309
Other income		**6,228,931**	3,221,872
Finance income		**1,374,859**	815,459
Cost of goods		**(817,425,609)**	(776,234,309)
Staff costs		**(111,202,790)**	(155,177,629)
Depreciation and amortization expenses		**(46,185,650)**	(43,033,461)
Utilities expenses		**(31,930,528)**	(32,170,507)
Marketing expenses		**(15,487,753)**	(13,617,669)
Finance costs		**(14,703,934)**	(13,336,764)
Repair and maintenance expenses		**(5,835,958)**	(7,624,210)
Impairment loss on trade and other receivables		**(5,819,661)**	(2,783,508)
Other expenses		**(33,460,247)**	(27,111,943)
Profit before tax, directors' remuneration and community responsibility expenses		**200,365,458**	151,441,602
Directors' remuneration expense		**(6,750,000)**	(6,750,000)
Community responsibility expenses		**(11,877,073)**	(9,367,223)
Profit before tax and after directors' remuneration and community responsibility expenses		**181,738,385**	135,324,379
Taxation	16	**(18,597,990)**	-
Profit after tax		**163,140,395**	135,324,379
Earnings per share – Basic (AED)	9	**0.09**	0.08
Earnings per share – Diluted (AED)	9	**0.09**	0.08

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 and 2.

The notes on pages 7 to 18 are an integral part of these condensed interim financial statements.
* The comparative information is restated. See note 15.

Condensed statement of changes in equity
for the six months period ended 30 June 2024

	Share capital AED	Legal reserve AED	Community responsibility reserve AED	Defined benefit obligations reserve AED	Retained earnings/ (Accumulated losses) AED	Treasury stock AED	Total AED
At 1 January 2023	1,764,138,140	946,497,074	8,619,749	-	56,692,546	(95,527,209)	2,680,420,300
Total comprehensive income for the period							
Profit for the period (restated*)	-	-	-	-	135,324,379	-	135,324,379
Total comprehensive income for the period	-	-	-	-	135,324,379	-	135,324,379
Transactions with shareholders	-					-	-
Dividend paid	-	-	-	-	(425,808,712)	-	(425,808,712)
Utilization of reserve against spending	-	-	(8,619,749)	-	8,619,749	-	-
Transfer from legal reserve	-	(64,428,004)	-	-	64,428,004	-	-
Restated at 30 June 2023 – unaudited	**1,764,138,140**	**882,069,070**	-	-	**(160,744,034)**	**(95,527,209)**	**2,389,935,967**
At 1 January 2024	1,764,138,140	882,069,070	23,363,323	(223,368)	(22,569,572)	(95,527,209)	2,551,250,384
Total comprehensive income for the period							
Profit for the period	-	-	-	-	163,140,395	-	163,140,395
Total comprehensive income for the period	-	-	-	-	163,140,395	-	163,140,395
Transactions with shareholders							
Dividend paid	-	-	-	-	(296,862,164)	-	(296,862,164)
Utilization of reserve against spending	-	-	(11,877,073)	-	11,877,073	-	-
At 30 June 2024 – unaudited	**1,764,138,140**	**882,069,070**	**11,486,250**	**(223,368)**	**(144,414,268)**	**(95,527,209)**	**2,417,528,615**

The notes on pages 7 to 18 are an integral part of these condensed interim financial statements.
* The comparative information is restated. See note 15.

Union Coop

Condensed statement of cash flows
for the six months period ended 30 June

	Note	2024 (unaudited) AED	2023 (unaudited) AED *restated
Cash flows from operating activities			
Profit before tax for the period		**181,738,385**	135,324,379
Adjustments for:			
Depreciation and amortization		**46,185,650**	43,033,461
Loss/ (gain) on disposal of property and equipment and investment properties		**38,130**	(12,500)
Provision for employee benefits		**2,377,893**	4,483,899
Impairment loss of trade and other receivables		**5,819,661**	2,783,508
(Reversal)/ provision for slow moving inventories		**(714,806)**	548,396
Finance income		**(1,374,859)**	(815,459)
Finance costs – interest on lease liability		**6,947,398**	6,424,807
		241,017,452	191,770,491
Change in:			
Inventories	5	**(35,164,198)**	(38,884,880)
Trade and other receivables	6	**210,002**	(42,371,732)
Trade and other payables	10	**99,121,051**	102,422,367
Cash generated from operating activities		**305,184,307**	212,936,246
Payment of employees' end of service benefits		**(15,920,986)**	(1,686,263)
Net cash from operating activities		**289,263,321**	211,249,983
Cash flows from investing activities			
Interest received		**1,374,859**	815,459
Acquisition of property and equipment		**(70,633,958)**	(66,192,671)
Acquisition of investment properties		**(6,421,022)**	(127,775)
Acquisition of intangible assets		**(398,025)**	(1,688,546)
Proceeds from sale of property and equipment		**109,430**	15,500
Cash used in investing activities		**(75,968,716)**	(67,178,033)
Change in:			
Short-term deposits		**70,000,000**	211,000,000
Capital advances		**(2,001,544)**	(10,926,838)
Net cash (used in)/ from investing activities		**(7,970,260)**	132,895,129
Cash flows from financing activities			
Dividend paid		**(296,862,164)**	(425,808,712)
Payment of lease liability		**(11,537,365)**	(13,842,386)
Cash used in financing activities		**(308,399,529)**	(439,651,098)
Net decrease in cash and cash equivalents		**(27,106,468)**	(95,505,986)
Cash and cash equivalents at 1 January		**84,668,150**	182,594,227
Cash and cash equivalents at 30 June	7	**57,561,682**	87,088,241

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 and 2.

The notes on pages 7 to 18 are an integral part of these condensed interim financial statements.

* The comparative information is restated. See note 15.

1. Legal status and activities

Union Coop ("the Society") is registered as a limited liability Society in the Emirate of Dubai via a ministerial decree No. 31/2, dated 24 May 1982, issued by the Ministry of Social Affairs and is registered with the Federal Authority under No. 12 in the Co-operative management records. The registered office address of the Society is P.O. Box 3861, Dubai, United Arab Emirates. The Society changed its name from Union Co-operative Society to Union Coop on 1 August 2016. In August 2022 the Federal Decree- Law No. 6 of 2022 on cooperatives was released to govern the cooperatives in the United Arab Emirates, the law came into effect in December 2022.

The principal activity of the Society is establishing and managing hypermarkets in the United Arab Emirates ("UAE"). The purpose of incorporation of the Society is to improve the social and economic affairs of its members and to serve the society by following the co-operative principles documented in the Society's Memorandum of Association and the UAE Federal Law No. 6 of 2022 pertaining to co-operative societies.

On 18 July 2022, the Society listed 100% ordinary shares on the Dubai Financial Market ("DFM" or the "Exchange"). The share capital of the Society comprises of undividable shares of AED 1 each payable in full on application to be a member of the Society. Each member is entitled to a share in the Society's share capital up to a maximum of 10%.

For each member one vote is allowed in the general assembly, regardless of the number of shares owned by a particular member.

2. Basis of preparation

Statement of compliance

These condensed interim financial statements for the six months period ended 30 June 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 *"Interim Financial Reporting"* and the requirements of UAE Federal Decree Law No. (6) of 2022 on cooperatives issued on 17 August 2022 and came into effect on 1 December 2022 ("the new law") which repealed UAE Federal Law No. 13 of 1976 on co-operative societies ("the old law").

The Society has adopted the new law whereas they are still in the process of updating their articles of associations which is pending the release of the Executive Regulations by the relevant authority.

Basis of accounting

The condensed interim financial statements have been prepared on the historical cost basis.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2023.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Society's financial statements as at and for the year ended 31 December 2023. In addition, results for the six months period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the full financial year ending 31 December 2024.

Use of judgements and estimates

In preparing these condensed interim financial statements, significant judgments made by the management in applying the Society's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2023.

2. Basis of preparation *(continued)*

Financial risk management

The Society's activities potentially expose it to a variety of financial risks as follows:

- Market risk (including currency risk, price risk, cash flow);
- Credit risk; and
- Liquidity risk

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statement, and should be read in conjunction with the Society's annual financial statements as at 31 December 2023. The Society's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2023.

Seasonality of operations

The Society does not experience material seasonality in operations and revenue and profits are expected to be consistent throughout the period.

3. Operating segments

A. Basis for segmentation

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Society that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance.

Information reported to the Society's Board of Directors for the purposes of resource allocation and assessment of segment performance is specifically focused on the type of business activities undertaken as a Society. For operating purposes, the Society is organized into three major business segments:

(i) Retail: business from operations in relation to the sale of goods at hypermarkets;
(ii) E-commerce: business from the online shopping platforms of the Society; and
(iii) Investment: rental business from shopping centers.

The following table presents information regarding the Society's operating segments for the period ended 30 June 2024 and 30 June 2023 (The disclosures in the tables below have been prepared using the same accounting policies as those applied to prepare the financial statements):

3. Operating segments *(continued)*

B. Information about reportable segments

For the six months period ended 30 June 2024	**Retail Segment**	**E-commerce Segment**	**Investment Segment**	**Total**
	AED' 000	**AED' 000**	**AED' 000**	**AED' 000**
Income from sale of goods	898,353	63,975	-	962,328
Income from other operating activities	229,884	3,977	78,624	312,485
Other income	5,716	2	511	6,229
Finance income	1,259	-	116	1,375
Cost of goods	(763,083)	(54,343)	-	(817,426)
Staff costs	(95,340)	(2,731)	(13,132)	(111,203)
Depreciation and amortization expenses	(40,119)	(58)	(6,009)	(46,186)
Utilities expenses	(24,067)	-	(7,864)	(31,931)
Marketing expenses	(11,584)	(3,578)	(325)	(15,487)
Finance costs	(12,942)	(496)	(1,266)	(14,704)
Repair and maintenance expenses	(4,157)	(38)	(1,641)	(5,836)
Impairment loss on trade and other receivables	(5,819)	-	-	(5,819)
Other expenses	(29,532)	(556)	(3,372)	(33,460)
Profit before tax, directors' remuneration and community responsibility expenses	**148,569**	**6,154**	**45,642**	**200,365**

For the six months period ended 30 June 2023	Retail segment	E-commerce Segment	Investment Segment	Total
	AED' 000	AED' 000	AED' 000	AED' 000
Income from sale of goods	869,446	45,574	-	915,020
Income from other operating activities	228,721	3,359	71,394	303,474
Other income	2,997	-	225	3,222
Finance income	768	-	47	815
Cost of goods	(736,215)	(40,019)	-	(776,234)
Staff costs	(144,988)	(3,486)	(6,703)	(155,177)
Depreciation and amortization expenses	(33,135)	(56)	(9,842)	(43,033)
Utilities expenses	(25,000)	-	(7,170)	(32,170)
Marketing expenses	(9,845)	(2,937)	(836)	(13,618)
Finance costs	(12,875)	(316)	(146)	(13,337)
Repair and maintenance expenses	(5,256)	-	(2,368)	(7,624)
Impairment loss on trade and other receivables	(2,784)	-	-	(2,784)
Other expenses	(21,148)	(56)	(5,908)	(27,112)
Profit before tax, directors' remuneration and community responsibility expenses	110,686	2,063	38,693	151,442

There were no inter- segment sales during the period. All Revenue are earned in the United Arab Emirates. Allocation of expenses are determined by management for resource allocation purpose. The accounting policies of the reportable segments are the same as the Society's accounting policies used in the audited financial statements for the year ended 31 December 2023.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are common within the operating segments and mainly relate to retail segment with exception to investment properties that relate to investment segment.

Notes to the condensed interim financial statements *(continued)*
for the six months period ended 30 June 2024

4. Property and equipment

	Land AED	Buildings AED	Computer hardware AED	Motor vehicles AED	Furniture and fixtures AED	Equipment and tools AED	Capital work in progress AED	Total AED
Costs								
At 1 January 2023	1,183,956,098	971,941,951	29,965,473	16,912,021	35,121,750	197,246,741	209,043,373	2,644,187,407
Additions	78,334,921	2,180,779	2,272,346	-	4,557,246	18,209,358	104,057,503	209,612,153
Transfers	-	190,778,379	732,136	-	714,813	2,322,497	(194,547,825)	-
Transfers to intangible assets	-	-	-	-	-	-	(19,917)	(19,917)
Transfer to investment properties	-	(113,332,081)	-	-	-	-	-	(113,332,081)
Disposals	-	(6,300)	(222,498)	-	(258,369)	(3,001,829)	-	(3,488,996)
At 1 January 2024	1,262,291,019	1,051,562,728	32,747,457	16,912,021	40,135,440	214,776,767	118,533,134	2,736,958,566
Additions	-	4,649,078	375,100	-	2,426,960	4,788,814	58,394,006	70,633,958
Transfers	-	90,240,660	272,404	-	157,791	1,110,355	(91,781,210)	-
Transfers to intangible assets	-	-	-	-	-	-	(3,519)	(3,519)
Transfer to investment properties	-	(6,984,462)	-	-	-	-	(39,385,717)	(46,370,179)
Disposals	-	-	(520,337)	-	(15,140)	(2,139,005)	-	(2,674,482)
At 30 June 2024	**1,262,291,019**	**1,139,468,004**	**32,874,624**	**16,912,021**	**42,705,051**	**218,536,931**	**45,756,694**	**2,758,544,344**
Accumulated depreciation and impairment losses								
At 1 January 2023	234,007,351	244,284,571	23,530,084	11,838,950	23,088,630	127,104,445	14,984,975	678,839,006
Net impairment or reversal of impairment during the year	(21,588,473)	8,536,927	-	-	-	-	-	(13,051,546)
Transfer to investment properties	-	(11,563,438)	-	-	-	-	-	(11,563,438)
Charge for the year	-	25,012,739	2,635,253	1,175,646	5,422,102	17,007,263	-	51,253,003
Disposals	-	(5,555)	(221,442)	-	(248,222)	(2,912,535)	-	(3,387,754)
At 1 January 2024	212,418,878	266,265,244	25,943,895	13,014,596	28,262,510	141,199,173	14,984,975	702,089,271
Charge for the period	-	12,764,051	1,360,547	527,192	3,087,204	8,643,919	-	26,382,913
Disposals	-	-	(520,337)	-	(15,140)	(1,991,444)	-	(2,526,921)
At 30 June 2024	**212,418,878**	**279,029,295**	**26,784,105**	**13,541,788**	**31,334,574**	**147,851,648**	**14,984,975**	**725,945,263**
Net carrying amount								
At 31 December 2023	1,049,872,141	785,297,484	6,803,562	3,897,425	11,872,930	73,577,594	103,548,159	2,034,869,295
At 30 June 2024	**1,049,872,141**	**860,438,709**	**6,090,519**	**3,370,233**	**11,370,477**	**70,685,283**	**30,771,719**	**2,032,599,081**

4. Property and equipment *(continued)*

a) Certain buildings of the Society are constructed on plots of land granted by H.H. Ruler of Dubai. These plots of land are recorded in the Society's books at nominal value of AED 1.

b) Capital work in progress primarily represents the costs incurred by the Society for construction of new shopping Centre in Khawaneej and Jumairah (completion expected in 2025-2026). Included in capital work in progress an amount of capitalised finance costs related to leased lands and buildings amounting to AED 1,077,897.

5. Inventories

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Goods for resale	**309,939,085**	275,190,679
Imported goods for sale	**7,469,306**	5,534,770
Less: provision for slow moving imported inventories	**(2,730,864)**	(3,445,670)
	314,677,527	277,279,779
Consumables	**6,621,647**	7,069,911
Goods in transit	**-**	1,070,480
	321,299,174	285,420,170

The movement in the provision for slow moving imported inventories is as follows:

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
At the beginning of the period/ year	**3,445,670**	3,318,348
(Reversal)/ additions for the period/ year	**(714,806)**	127,322
At the ending of the period/ year	**2,730,864**	3,445,670

The Society has the right to return or substitute the expired or slow moving good purchased from local suppliers, therefore the local inventory is not subject to impairment as per the agreements with the suppliers. However, imported goods are subject to inventory losses and accordingly are measured at lower of cost or net realizable value.

6. Trade and other receivables

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Trade receivables	**24,571,310**	21,812,999
Rent receivables	**22,566,858**	28,027,156
Accrued income on short-term deposits	**10,892**	584,762
Due from a related party	**12,513,355**	5,410,084
Prepaid expenses	**20,750,609**	6,693,891
Advance to suppliers	**1,404,931**	12,846,489
Other receivables	**30,878,695**	37,531,272
	112,696,650	112,906,653
Less: provision for impairment loss	**(43,954,563)**	(38,134,903)
	68,742,087	74,771,750

Movement in the provision for impairment loss of trade and other receivables is as follows:

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Opening balance	**38,134,903**	23,455,021
Written-off	**(316,235)**	(5,824,917)
Charge for the period/ year	**6,135,895**	20,504,799
Closing balance	**43,954,563**	38,134,903

7. Cash and cash equivalents

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Cash at bank	**55,593,830**	82,210,398
Cash on hand	**1,967,852**	2,457,752
	57,561,682	84,668,150

During the six months period ended 30 June 2024, the management has not renewed the short-term deposits of AED 70,000,000 upon maturity.

8. Legal reserve

In accordance to article 44 (a) of the Society's Memorandum of Association and the requirements of UAE Federal Law No. 13 of 1976 pertaining to co-operative societies, a minimum of 20% of the net profit is allocated to a legal reserve. Such allocation may be ceased when the legal reserve equals to two times the paid-up share capital of the Society.

8. Legal reserve *(continued)*

In accordance with the new issued Federal Decree-Law No. 6 of 2022 on cooperative ("the new law"), 10% of the profit for the year is transferred to a legal reserve, which is not distributable. Transfers to this reserve are required to be made until such time as it equals at least 50% of the paid-up share capital. Transfers to the legal reserve have not been made during the current period as a result of reaching the 50% capital rule. The Society has adopted the new law before updating its Articles of Associations which is pending the release of the Executive Regulation by the relevant authority.

9. Earnings per share

Earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Society, amounting to AED 163 million (2023 - *restated*: AED 135 million) by the weighted average number of shares outstanding during the period excluding treasury shares, of 1,745,570,120 (2023: 1,745,570,120).

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

10. Trade and other payables

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Trade payables	**292,789,538**	188,819,302
Provision for staff expenses	**31,832,157**	25,839,331
Retentions payable	**23,070,623**	31,858,156
Due to a related party	**2,388,805**	1,769,725
Accruals	**9,282,036**	10,771,115
Tax payable	**18,597,990**	-
Unearned income	**36,008,466**	29,559,301
Other payables	**75,322,353**	82,955,997
	489,291,968	371,572,927

11. Related party transactions and balances

The Society, in the normal course of business, carries out transactions with other business entities that fall within the definition of a related party as per IAS 24. Related parties comprise the Society's directors, associates and other businesses over which the members have the ability to control or exercise significant influence over their financial and operating decisions and key management personnel.

(a) Related party transactions

During the period, the following significant transactions were carried out with related parties:

	Six months period ended 30 June 2024 AED (unaudited)	Six months period ended 30 June 2023 AED (unaudited)
Purchases of goods from Consumer Co-operative Union-(associate)	**8,405,715**	10,770,012
Payment to Consumer Co-operative Union-(associate)	**7,786,948**	13,547,910
Sales to Umm Al Quwain Co-operative-(affiliate)	**2,503,271**	1,624,447
Net payments on behalf of Umm Al Quwain Co-operative	**4,600,000**	-

11. Related party transactions and balances (continued)

(b) Key management remuneration excluding Board of Directors

	Six months period ended 30 June 2024 AED (unaudited)	Six months period ended 30 June 2023 AED (unaudited)
Salaries and short term benefits	**5,418,666**	7,806,900
Short term employment benefits	**180,262**	302,261
Provision for end of service benefits	**61,646**	957,146
Contribution paid to social security scheme	**175,000**	225,000

(c) Compensation to the Board of Directors

	Six months period ended 30 June 2024 AED (unaudited)	Six months period ended 30 June 2023 AED (unaudited)
Board of Directors' remuneration	**6,750,000**	6,750,000

(d) Related party balances

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Due to a related party		
Consumer Co-operative Union (associate)	**2,388,805**	1,769,725
Due from a related party		
Umm Al Quwain Co-operative	**12,513,355**	5,410,084

12. Income from sale of goods

	Six months period ended 30 June 2024 AED (unaudited)	Six months period ended 30 June 2023 AED (unaudited) restated*
Sale of goods - Retail	**960,791,212**	913,379,731
Discounts - Retail	**(62,437,911)**	(43,934,113)
	898,353,301	869,445,618
Sale of goods - E-commerce	**67,755,339**	45,792,474
Discounts - E-commerce	**(3,780,254)**	(218,130)
	63,975,085	45,574,344
Total sales of goods (refer to (i) below)	**962,328,386**	915,019,962

(i) This income relates to sales of goods to customers in the supermarkets and through e-commerce. Products sold are transferred at a point in time.

13. Commitments and contingencies

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Capital commitments	**29,342,128**	91,025,625
Letters of credit	-	2,964,912
Letters of guarantee	**2,034,958**	2,034,958
Liens	**5,842,400**	5,865,525

14. Financial instruments by category

	30 June 2024 AED (unaudited)	31 December 2023 AED (audited)
Financial assets - amortised costs		
Trade receivables and other receivables *(excluding prepayments and advance to suppliers)*	**46,586,547**	93,366,273
Short-term deposits	-	70,000,000
Cash and cash equivalents	**55,593,830**	82,210,398
	102,180,377	245,576,671
Financial liabilities - other financial liabilities		
Lease liabilities	**456,395,507**	452,297,150
Trade and other payables *(excluding unearned income)*	**453,283,502**	342,013,626
	909,679,009	794,310,776

Due to the short-term nature of the financial assets and liabilities, their carrying amount is considered to be the same as their fair value.

* The comparative information is restated. See note 15.

15. Restatements

(a) Error in estimating lease terms while calculating right-of-use assets and lease liabilities on initial recognition

The Society had certain lease contracts with renewable options, however the management had not considered such renewal options while assessing the lease term on initial recognition of leases as required by IFRS 16 *Leases*. During the year ended 31 December 2023, management had reassessed its lease contracts taking into consideration their ability and certainty to exercise such renewal options for the year ended 31 December 2023 and prior years. Accordingly, the management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

(b) Incorrect classifications of community responsibility expenses

The Society had incorrectly accounted for community responsibility (previously known as area development) expenses as a reduction of retained earnings instead of expensing them as incurred in the condensed statement of profit or loss and other comprehensive income for the respective years. In addition, part of area development expenses which was accrued in excess of the approved amount by the general assembly, the management had incorrectly recognised a payable while there was no contractual right to pay such balances to any party. The management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

(c) Incorrect classifications of Directors' remuneration expenses

The Society had incorrectly accounted for Directors' remuneration as a reduction of retained earnings instead of expensing it as incurred in the condensed statement of profit or loss and other comprehensive income. The management has rectified this error by restating the comparatives in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors.*

(d) Reclassifications/ regrouping within condensed statement of profit or loss and other comprehensive income

The Society has changed the presentation of the condensed statement of profit or loss and other comprehensive income and regrouped/reclassified some income and expenses to better present the financial results for the period as permitted under the relevant standards. Major reclassification related to the income earned from space management which was initially presented as part of "cost of sales: and currently presented under Income from other operating activities.

15. Restatements *(continued)*

Condensed statement of profit or loss and other comprehensive income for the period ended 30 June 2023				
	As previously reported	Adjustments	Reclassifications	As restated
	AED	AED	AED	AED
Income from sale of goods (refer (d))	918,570,196	-	(3,550,234)	915,019,962
Income from other operating activities (refer (d))	94,024,758	-	209,449,551	303,474,309
Other income (refer (d))	8,086,222	-	(4,864,350)	3,221,872
Finance income	815,459	-	-	815,459
Cost of sales (refer (d))	(571,649,108)	-	(204,585,201)	(776,234,309)
Staff costs (refer (d))	(150,348,421)	-	(4,829,208)	(155,177,629)
Depreciation and amortization expenses (refer (a))	(46,421,634)	3,388,173	-	(43,033,461)
Utilities expenses	(32,170,507)	-	-	(32,170,507)
Marketing expenses (refer (d))	(17,167,903)	-	3,550,234	(13,617,669)
Government and subscription fees (refer (d))	(8,028,119)	-	8,028,119	-
Finance costs (refer (a))	(8,002,298)	(5,334,466)	-	(13,336,764)
Repair and maintenance expenses	(7,624,210)	-	-	(7,624,210)
Insurance expenses (refer (d))	(5,483,736)	-	5,483,736	-
Impairment of trade receivables and other receivables (refer (d))	(725,818)	-	(2,057,690)	(2,783,508)
Other expenses (refer (d))	(20,486,986)		(6,624,957)	(27,111,943)
Profit before directors` remuneration and community responsibility expenses	**153,387,895**	**(1,946,293)**	**-**	**151,441,602**
Community responsibility expenses (refer (b))	-	(9,367,223)	-	(9,367,223)
Directors` remuneration expenses (refer (c))	-	(6,750,000)	-	(6,750,000)
Profit after directors` remuneration and community responsibility expenses	**153,387,895**	**(18,063,516)**	**-**	**135,324,379**
Earnings per share – Basic (AED)	**0.09**	**(0.01)**	**-**	**0.08**
Earnings per share – Diluted (AED)	**0.09**	**(0.01)**	**-**	**0.08**

Condensed statement of cash flow for the period ended 30 June 2023				
	As previously reported	Adjustments	Reclassifications	As restated
	AED	AED	AED	AED
Profit after directors' remuneration and community responsibility expenses	153,387,895	(18,063,516)	-	135,324,379
Net cash generated from operating activities	209,644,009	1,605,974	-	211,249,983
Net cash from investing activities	134,501,103	(1,605,974)	-	132,895,129
Net cash used in financing activities	(439,651,098)	-	-	(439,651,098)

16. Corporate tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CT Law" or the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. Current taxes shall be accounted for as appropriate in the financial statements for the period beginning on 1 January 2024.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax.

The Society's effective tax rate in respect of continuing operations for the six months period ended 30 June 2024 was 10.23% (six months ended 30 June 2023: Nil) since the new CT Law has become effective for accounting periods beginning on or after 1 June 2023. The income tax expense recognised in each interim period is based on the best estimate of the weighted-average annual income tax rate expected for the full year applied to the pre-tax income of the interim period.

The major components of income tax expense for the six months period ended 30 June 2024 are:

	30 June 2024 AED (unaudited)	30 June 2023 AED (unaudited)
Condensed interim statement of profit or loss		
Current tax (charge) / income:		
- Current tax charge	**(18,597,990)**	-
Deferred tax (charge) / income		
- Relating to origination and reversal of temporary differences	-	-
- Relating to enactment of UAE corporate income tax	-	-
	-	-
Tax expense for the period reported in the condensed statement of profit or loss	**(18,597,990)**	-

17. Subsequent events

No subsequent events are known that might have a material influence on the assets, liabilities, financial position and profit or loss of the Society.