Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates

Reports and financial statements
For the year ended December 31, 2021

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Ras Al Khaimah Poultry and Feeding Co Public JSC

Ras Al Khaimah - United Arab Emirates

General information

Principal office address	:	Digdaga P. O. Box: 184 Ras Al Khaimah, United Arab Emirates T: +971 72 462 222 F: +971 72 462 220		
Website	:	www.rakpoultry.com/		
Board of Directors	:	Name	Nationality	Designation
		Shaikh Mohammed Humaid Abdulla Mohamed AlQasemi	Emirati	Chairman
		Mubarak Ali Mubarak Alshamsi	Emirati	Deputy Chairman
		Abdulla Khalfan Mohammed Alshraiqi Almehrzi	Emirati	Member of the Board of Directors
		Ahmed Omar Salem Alkarbi	Emirati	Member of the Board of Directors
		Mohammed Hasan Mohammed Alshamsi Alawadhi	Emirati	Member of the Board of Directors
Acting General Manager	:	Name		Nationality
		Mohamed Elsiddig Elimam Abdelgadir		Sudanese
The Auditor	:	Crowe Mak P.O. Box 6747 Dubai - United Arab Emirates		
The Main Banks	:	Abu Dhabi Commercial Bank National Bank of Ras Al Khaimah Commercial International Bank Dubai Islamic Bank		

Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates

Directors' report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended December 31, 2021.

Principal activities of the Entity

The principal activities of the Entity are agricultural, manufacturing and trading activities and other technical production activities relating to poultry production.

Financial review

The table below summarizes the results of 2021 and 2020 denoted In Arab Emirates Dirham (AED).

Revenue	**12,401,891**	17,783,909
Gross profit	**864,911**	3,293,789
(Loss) on changes in fair value of investment properties	**(1,355,000)**	(4,520,000)
Increase/(decrease) in fair value of financial assets at FVTOCI	**13,442,972**	(17,192,845)
Total comprehensive income / (loss) for the year	**16,472,920**	(16,606,443)
Earnings per share	**0.03**	0.01
Total equity	**321,333,499**	**304,919,222**

Role of the Directors

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise the management.

Events after year end

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditor

M/s. Crowe Mak, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities

The applicable requirements requires the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity 's financial conditions and results of its operations.

These financial statement were approved by the Board and signed on behalf by the authorized representative of the Entity .

Shaikh Mohammed Humaid Abdulla Mohamed AlQasemi
Director
March 10, 2022

Mohamed Elsiddig Elimam Abdelgadir
Acting General Manager

Crowe Mak
كـرو مــاك

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Ref: FJ/A2588/Mar 2022

Independent auditor's report

To,
The Shareholders,
Ras Al Khaimah Poultry and Feeding Co Public JSC
P. O. Box: 184
Ras Al Khaimah - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ras Al Khaimah Poultry & Feeding Co Public JSC, Ras Al Khaimah - United Arab Emirates ("Entity") which comprise the statement of financial position as at December 31, 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 financial statements section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion these matters.

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Independent Auditor's Report (continued)

Key Audit Matters (continued)

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

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Valuation of the investment properties

We identified the valuation investment properties as a key audit matter due to the significance of the Entity's investment properties in the context of the Entity's financial statement and due to significant judgement is involved in determining the inputs used in the valuation.

The Entity's investment properties aggregating to AED 85,855,000 as at December 31, 2021, (2020: AED 83,210,000) (Note 5) are measured at fair value.

The valuation of investment properties was carried out by an independent third party valuer.

In determining the fair values, the valuers consider the occupancy and vacancy rates, location of the building, market values of similar assets, and other information.</td><td>We have performed the following procedures in relation to the valuation of investment properties:

We obtained an understanding of management's process of measuring investment properties at fair value.

We assessed the competence, qualification, independence and integrity of the Entities' external valuation experts and reviewing their terms of engagement with the Entity to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;

We obtained the external valuation reports for all properties and confirmed that the valuation approach is in accordance with Royal Institute of Chartered Surveyors' (RICS) standards and is suitable for use in determining the fair values;

Discussed the scope of third party valuers work and reviewed their terms of engagement to ensure that there are no unusual terms or conditions;

Based on the outcome of our evaluation, tested the adequacy of the disclosure in the financial statements.</td></tr>
</table>

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Independent Auditor's Report (continued)

Other Information:

The management is responsible for the other information. The other information comprises the Annual Report of the Entity. We obtained the Board of Directors' report prior to the date of this auditor's report and the remaining information of the Annual Report is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed on the other information that we have obtained prior to the date of the auditor's report, we conclude that there is material misstatement of this 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 financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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<u>Independent Auditor's Report (continued)</u>

Auditor's responsibilities for the audit of the financial statements (continued)

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 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.

- 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions 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 financial statements of the current year 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.

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<u>Independent Auditor's Report (continued)</u>

Report on other legal and regulatory requirements

As required by the U.A.E. Federal Law No. 2 of 2015 (as amended) we further confirm that:

1. We have obtained all the information and explanations which we consider necessary for our audit,
2. The financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. Federal Law No. 2 of 2015 (as amended) and the Memorandum and Articles of Association of the Entity,
3. Proper books of account have been maintained by the Entity,
4. The financial information included in the Directors' report is consistent with the books of account of the Entity,
5. Note 9 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted,
6. Note 7 to the financial statements reflects the investments in shares and stocks during the year ended December 31, 2021, and
7. Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the U.A.E. Federal Law No. 2 of 2015 (as amended) or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its financial position as of December 31, 2021.

For, Crowe Mak

كرو مـاك
P.O.Box: 6747
DUBAI -U.A.E.
CROWE MAK

Zayd Khalid Maniar
Partner
Registration Number 579
Dubai, U.A.E.
March 10, 2022

Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates
Statement of financial position as at December 31, 2021
In Arab Emirates Dirham

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	4	**1,036,387**	5,121,197
Investment properties	5	**85,855,000**	83,210,000
Investment in associates	6	**81,420,267**	83,425,296
Financial assets at fair value through other comprehensive income (FVTOCI)	7	**143,551,407**	109,418,435
Financial assets at amortised cost	8	**18,474,831**	28,528,997
Total non-current assets		**330,337,892**	309,703,925
Current assets			
Biological assets	11	**882,955**	1,257,845
Inventories	10	**324,098**	314,439
Loan to a related party	9	**6,000,000**	7,000,000
Trade receivables	12	**3,363,984**	4,240,245
Advances, deposits and other receivables	13	**849,339**	1,327,041
Due from related parties	9	**828,756**	740,712
Cash and bank balances	14	**7,325,629**	10,263,147
Total current assets		**19,574,761**	25,143,429
Total assets		**349,912,653**	334,847,354
Equity and liabilities			
Equity			
Share capital	15	**95,040,000**	86,400,000
Statutory reserve	16	**40,021,637**	39,599,800
Voluntary reserve	16	**19,547,271**	19,547,271
Special reserve	16	**80,000,000**	80,000,000
Retained earnings	17	**26,609,991**	32,700,523
Fair value reserve for financial assets at FVTOCI	7	**60,114,600**	46,671,628
Total equity		**321,333,499**	304,919,222
Non-current liabilities			
Employees' end of service benefits	18	**1,788,658**	2,198,470
Total non-current liabilities		**1,788,658**	2,198,470
Current liabilities			
Trade and other payables	19	**3,394,613**	4,171,626
Unclaimed dividends		**23,395,883**	23,558,036
Total current liabilities		**26,790,496**	27,729,662
Total liabilities		**28,579,154**	29,928,132
Total equity and liabilities		**349,912,653**	334,847,354

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

The financial statements on pages 8 to 51 were approved on March 10, 2022 and signed on behalf of the Entity, by:

Shaikh Mohammed Humaid Abdulla Mohamed AlQasemi	Mohamed Elsiddig Elimam Abdelgadir
Chairman	Acting General Manager

Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended December 31, 2021
In Arab Emirates Dirham

	Notes	2021	2020
Revenue	20	**12,401,891**	17,783,909
Direct costs	21	**(11,536,980)**	(14,490,120)
Gross profit		**864,911**	3,293,789
Investment income	22	**9,324,769**	7,537,813
Net share of (loss) / profits of associates	6	**(2,005,029)**	146,214
(Loss) on changes in fair value of investment properties	5	**(1,355,000)**	(4,520,000)
Other income	23	**913,523**	186,630
Selling and distribution expenses	24	**(1,516,235)**	(2,570,152)
Administrative expenses	25	**(3,167,541)**	(3,437,373)
Finance costs	26	**(29,450)**	(50,519)
Net profit for the year		**3,029,948**	586,402
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Increase/(decrease) in fair value of financial assets at FVTOCI	7	**13,442,972**	(17,192,845)
Total comprehensive income / (loss) for the year		**16,472,920**	(16,606,443)
Earnings per share	27	**0.03**	0.01

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates

Statement of changes in equity for the year ended December 31, 2021
In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Special reserve	Retained earnings	Fair value reserve for financial assets at FVTOCI	Total equity
Balance as at December 31, 2019	86,400,000	39,541,160	19,547,271	80,000,000	32,172,761	63,864,473	321,525,665
Net profit for the year	-	-	-	-	586,402	-	586,402
Other comprehensive (loss) for the year	-	-	-	-	-	(17,192,845)	(17,192,845)
Total comprehensive (loss) for the year	-	-	-	-	586,402	(17,192,845)	(16,606,443)
Transfer to statutory reserve	-	58,640	-	-	(58,640)	-	-
Balance as at December 31, 2020	86,400,000	39,599,800	19,547,271	80,000,000	32,700,523	46,671,628	304,919,222
Net profit for the year	-	-	-	-	3,029,948	-	3,029,948
Other comprehensive income for the year	-	-	-	-	-	13,442,972	13,442,972
Total comprehensive income for the year	-	-	-	-	3,029,948	13,442,972	16,472,920
Bonus shares issued (Note 15)	8,640,000	-	-	-	(8,640,000)	-	-
Dividends paid	-	-	-	-	(58,643)	-	(58,643)
Transfer to statutory reserve	-	421,837	-	-	(421,837)	-	-
Balance as at December 31, 2021	**95,040,000**	**40,021,637**	**19,547,271**	**80,000,000**	**26,609,991**	**60,114,600**	**321,333,499**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

Ras Al Khaimah Poultry and Feeding Co Public JSC
Ras Al Khaimah - United Arab Emirates
Statement of cash flows for the year ended December 31, 2021
In Arab Emirates Dirham

	2021	2020
Cash flows from operating activities		
Net profit for the year	**3,029,948**	586,402
Adjustments for:		
Fair value loss from investment properties	**1,355,000**	4,520,000
Share of loss / (profit) of associates	**2,005,029**	(146,214)
Depreciation on property, plant and equipment	**100,129**	94,880
Dividends income	**(4,840,682)**	(4,110,676)
Interest income	**(1,953,676)**	(1,847,845)
Finance costs	**29,450**	50,519
Gain on disposal of financial assets at FVTOCI	**(1,190,000)**	-
Provision for employees' end of service benefits	**121,510**	631,002
	(1,343,292)	(221,932)
(Increase) / Decrease in current assets		
Inventories	**(9,659)**	1,404,937
Trade receivables	**876,261**	(57,837)
Advances, deposits and other receivables	**477,702**	1,585,084
Biological assets	**374,890**	166,058
Due from related parties	**(88,044)**	335,626
(Decrease) in current liabilities		
Trade and other payables	**(777,013)**	(323,020)
Cash (used in) / generated from operations	**(489,155)**	2,888,916
Employees' end-of-services benefits paid	**(531,322)**	(1,455,969)
Finance costs paid	**(29,450)**	(50,519)
Net cash (used in) / generated from operating activities	**(1,049,927)**	1,382,428
Cash flows from investing activities		
Purchase of financial assets at amortised cost	**-**	(11,120,100)
Disposals of financial assets at amortised cost	**9,637,420**	-
Purchase of property, plant and equipment	**(15,319)**	(916,077)
Interest received	**2,370,422**	1,495,630
Dividends received	**4,840,682**	4,110,676
Proceeds from disposal of fixed deposits with maturity over 3 months	**-**	10,702,371
Additions in financial assets at FVTOCI	**(20,700,000)**	(1,996,498)
Proceeds from disposal of financial assets at FVTOCI	**1,200,000**	-
Net cash (used in) / generated from investing activities	**(2,666,795)**	2,276,002
Cash flows from financing activities		
Loan installment settled by a related party	**1,000,000**	2,000,000
Dividends paid	**(220,796)**	(13,439)
Net cash generated from financing activities	**779,204**	1,986,561
Net (decrease) / increase in cash and cash equivalents	**(2,937,518)**	5,644,991
Cash and cash equivalents, beginning of the year	**10,263,147**	4,618,156
Cash and cash equivalents, end of the year	**7,325,629**	10,263,147
Cash and cash equivalents		
Cash in hand	**38,155**	27,331
Cash at banks	**7,287,474**	10,235,816
	7,325,629	10,263,147

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on pages 3 to 7.

1 Legal status and business activities

1.1 Ras Al Khaimah Poultry and Feeding Co Public JSC, ("the Entity") is public shareholding Entity, facilitated under Emiri Decree No. 76/8 of 1976 issued by His Highness, The Ruler of Ras Al Khaimah. The Entity was incorporated on March 11, 1978 and operates under professional license no. 302 issued by Department of Economic Development of Government of Ras Al Khaimah. The shares of the Entity are traded on the Abu Dhabi Securities Exchange.

1.2 The principal activities of the Entity are agricultural, manufacturing and trading activities and other technical production activities relating to poultry production.

1.3 The address of the Entity's registered office is P.O. Box 184, Ras Al Khaimah, United Arab Emirates.

1.4 The management and control are vested with Mr. Mohamed Elsiddig Elimam Abdelgadir, Acting General Manager, Sudani National.

1.5 These financial statements incorporate the operating results of the Entity's license no. 302.

2 New standards and amendments

2.1 New and amended IFRS Standards that are effective for the current year

Impact of the initial application of COVID-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued COVID 19 Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID 19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID 19 Related Rent Concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before . Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, in 2021, the IASB decided to extend the time period over which the practical expedient is available for use for one year, i.e. for payments originally due on or before (previously).

Impact of the application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2

In the prior year the Entity adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modified specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Entity has adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 which was issued in August 2020. These amendments are mandatory for annual reporting periods beginning on or after January 1, 2021. Adopting these amendments enables the Entity to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Entity has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at January 1, 2020.

2 New standards and amendments (continued)

2.1 New and amended IFRS Standards that are effective for the current year (continued)

Impact of the application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Phase 2 (continued)

The Phase 1 changes were not relevant to the Entity because it does not apply hedge accounting. As such, further changes in Phase 2 relating to hedge accounting have not affected the Entity and are not explained in this note.

The application of the amendments impacts the Entity's accounting in the following ways:

When the contractual terms of the Entity's loans with related parties and bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Entity changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other amendments.

When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Entity remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.

2.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IFRS 3 – Reference to the Conceptual Framework: The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an Entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. Management does not expect the amendment to have a significant impact in the statutory financial statements.	January 1, 2022, early application permitted

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use:	January 1, 2022, early application permitted

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an Entity recognises such sales proceeds and related costs in profit or loss. The Entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of profit or loss and other comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Entity's ordinary activities, and which line item(s) in the statement of profit or loss and other comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which The Entity first applies the amendments.

The Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Management does not expect the amendment to have a significant impact in the statutory financial statements.

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the Entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Entity first applies the amendments. Comparatives are not restated. Instead, the Entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. Management does not expect the amendment to have a significant impact in the statutory financial statements.	January 1, 2022, early application permitted, except for the amendment to IFRS 16 which has no stated effective date.
Annual Improvements to IFRS Standards 2018–2020 The Annual Improvements include amendments to four Standards. IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).	January 1, 2022, early application permitted, except for the amendment to IFRS 16 which has no stated effective date.

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 9 Financial Instruments	
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an Entity includes only fees paid or received between the Entity (the borrower) and the lender, including fees paid or received by either the Entity or the lender on the other's behalf.	
The amendment is applied prospectively to modifications and exchange that occur on or after the date the Entity first applies the amendment.	
IFRS 16 Leases	
The amendment removes the illustration of the reimbursement of leasehold improvements.	
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.	
IAS 41 Agriculture	
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an Entity initially applies the amendment.	
Management does not expect the amendment to have a significant impact in the statutory financial statements.	
IFRS 17 Insurance Contracts : IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.	January 1, 2023
IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.	

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
IFRS 17 Insurance Contracts : IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts (continued) The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. Management does not expect the amendment to have a significant impact in the statutory financial statements.	January 1, 2023
Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent: The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.	January 1, 2023, early application permitted

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 1 – Classification of Liabilities as Current or Noncurrent: (continued)	January 1, 2023, early application permitted
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an Entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	
The amendments are applied retrospectively.	
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture: The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	Effective date not set, early adoption permitted
The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The directors of The Entity anticipate that the application of these amendments may have an impact on the Entity's financial statements in future periods should such transactions arise.	
Management does not expect the amendment to have a significant impact in the statutory financial statements.	
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies The IASB has amended IAS 1 require entities to disclose its "material accounting policies" instead of its 'significant accounting policies' with 'material accounting policy information'.	January 1, 2023, early application permitted
Further amendments to IAS 1 are made to explain how an Entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are also added.	

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies The IASB has amended IAS 1 require entities to disclose its "material accounting policies" instead of its 'significant accounting policies' with 'material accounting policy information'. (continued) To support the amendments, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements. Management does not expect the amendment to have a significant impact in the statutory financial statements.	January 1, 2023, early application permitted
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an Entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications: • A change in accounting estimate that results from new information or new developments is not the correction of an error. • The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period. Earlier application is permitted. Management does not expect the amendment to have a significant impact in the statutory financial statements.	January 1, 2023, early application permitted

2 New standards and amendments (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	*Effective for annual periods beginning on or after*
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023, early application permitted

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an Entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 Leases at the commencement date of a lease.

Following the amendments to IAS 12, an Entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12

The Entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented

Management does not expect the amendment to have a significant impact in the statutory financial statements.

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.
On September 20, 2021, the UAE Federal Decree Law No. of 32 of 2021 was issued and came into effect on January 2, 2022 which repealed the UAE Federal Law No. 2 of 2015 (as amended). The Entity has twelve months from January 2, 2022 to comply with the provisions of the UAE Federal Decree Law No. 32 of 2021.
These financial statements are presented in Arab Emirates Dirham (AED) which is the Entity functional and presentation currency.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for investment properties, biological assets and financial assets, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

3 Significant accounting policies (continued)

3.3 Current/Non current classification

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

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised 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 or it is held primarily for the purpose of trading or 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 Entity classifies all other liabilities as non-current.

3.4 Fair value measurement

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 to by the Entity.

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 best economic 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the entity can access at the measurement date;

Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3 Significant accounting policies (continued)

3.5 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised 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. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property, plant and equipment, using the straight-line method over its useful lives as follows:

	Years
Buildings	5-20
Plant and machinery	5-10
Motor vehicles	4
Furniture and fixtures	4-5

When part of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

3 Significant accounting policies (continued)

3.7 Investment properties at fair value

Investment property are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Properties are transferred to investment properties from properties under construction or capital work-in-progress when, and only when, there is a change in use, evidenced by commencement of development with a view to sale or operate the project. Such transfers are made at the carrying value of the properties at the date of transfer.

The Entity determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the profit or loss. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length open market transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this investment property and from its disposal at the end of its useful life.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.8 Biological assets

An entity recognises a biological asset or agriculture produce only when the entity controls the asset as a result of past events, it is probable that future economic benefits will flow to the entity, and the fair value or cost of the asset can be measured reliably. Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured. The gain on initial recognition of biological assets at fair value less costs to sell, and changes in fair value less costs to sell of biological assets during a period, are included in profit or loss. All costs related to biological assets that are measured at fair value are recognised as expenses when incurred, other than costs to purchase biological assets.

3 Significant accounting policies (continued)

3.9 Impairment of tangible assets

At the end of each reporting period, the Entity 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 Entity 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 the statement of profit or loss.

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 the statement of profit or loss.

3.10 Investments in associates

An associate is a company over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these 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, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Entity's share of the profit or loss and other comprehensive income of the associate. When the Entity's share of losses of an associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of the investments over the Entity's share of the net fair value of the identifiable assets and liabilities of an associate recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of profit or loss in the period in which investment is acquired.

3 Significant accounting policies (continued)

3.10 Investments in associates (continued)

When the Entity transacts with its associate, profits or losses resulting from the transactions with the associate are recognised in the Entity's financial statements only to the extent of interests in the associate that are not related to the Entity.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.12 Financial assets

Classification

The Entity classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

At initial recognition, the Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets comprise of cash and cash equivalents, receivables, due from and loan to a related party and other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 Significant accounting policies (continued)

3.12 Financial assets (continued)

Receivables

Receivable balances that are held to collect are subsequently measured at amortized cost. The Entity assesses on a forward-looking basis the expected credit losses associated with its receivables and adjusts the value to the expected collectible amounts.

Receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

Other financial assets

Other financial assets include equity instruments.

Equity instruments

The Entity subsequently measures all equity investments at fair value. Where the Entity's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Entity's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Due from related parties/loan to a related party

Amounts due from related parties/loan to a related party are stated at amortised cost.

Impairment of financial assets

The Entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, loans to and due from related parties, the entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3 Significant accounting policies (continued)

3.12 Financial assets (continued)

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and unclaimed dividends.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Dividends for distribution / dividends payable

Dividends for distribution / dividends payable to the shareholders is recognised as a liability in the Entity's financial statements in the year in which the dividends are approved by the shareholders.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. 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 statement of profit or loss.

3.14 Borrowing cost

Borrowing cost 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 the statement of profit or loss in the period in which they are incurred.

3 Significant accounting policies (continued)

3.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined for raw materials and finished goods on weighted average basis. Cost of inventories comprises of costs of purchase, and where applicable cost of conversion and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.17 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity 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. When 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, a 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.

3.18 Revenue recognition

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3 Significant accounting policies (continued)

3.18 Revenue recognition (continued)

Performance obligation

Sale of goods - Chicken and Egg

The Entity sells chicken and egg in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Entity has objective evidence that all criteria for acceptance have been satisfied.

Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income from investment properties is recognised in the financial statements on a straight-line basis over the term of the lease to the extent that it is probable that the economic benefits will flow to the Entity .

Short term lease

The Entity has elected to account for short-term leases and leases of low-value assets using the practical expedients under IFRS 16 - Leases. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3.19 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period 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 estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

3 Significant accounting policies (continued)

3.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate.

Business model assessment - classification and measurement of financial statements

Classification and measurement of financial assets depends on the results of business model test. The Entity determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Classification of properties

In the process of classifying properties, management has made various judgements. Judgements are needed to determine whether a property qualifies as an investment property, plant and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment, property under development and property held for sale. In making its judgement, management has considered the detailed criteria and related guidance set out in IAS 2 - Inventories, IAS 16 - Property, plant and equipment, and IAS 40 - Investment Property, with regards to the intended use of the property.

Investment in associate

The Entity's investments in associates are accounted for under the equity method of accounting. These are entities in which the Entity has between 20% to 50% of the voting power or over which it exercises significant influence and which are neither subsidiaries nor joint ventures. Investments in associates are accounted for using the equity method of accounting. The Entity's share of the results of the associates is recorded in statement of profit or loss.

3 Significant accounting policies (continued)

3.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Probability of default

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given at default

Loss given at default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Key sources of estimation uncertainty

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

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Valuation of unquoted investments

Valuation of unquoted equity investments is normally based on one of the following:

- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- Other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimations. The Entity calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

3 Significant accounting policies (continued)

3.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Fair value measurement of financial instruments

For the purpose of fair value disclosures, the Entity 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. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Entity uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The Entity has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Entity takes into account qualitative and quantitative reasonable and supportable forward-looking information. A significant increase in credit risk is presumed if a customer is more than 90 days past due in making a contractual payment.

When measuring ECL the Entity uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

3 Significant accounting policies (continued)

3.19 Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of non-financial assets

The Entity assess whether there are any indicators of impairment for all non-financial asset at each reporting date. If any such indication exists, or when annual impairment testing for an asset is required, the Entity estimates the asset's recoverable amount.

Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When the value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Determination of biological assets fair value

The fair value of egg laying chickens is measured at fair value less estimated costs to sell, unless fair value cannot be reliably measured.

Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Entity determines the amount within a range of reasonable fair value estimates. In making its judgement, the Entity considered recent prices of similar properties in the same location and similar conditions, with judgements to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

The determination of the fair value of the revenue-generating properties requires the use of estimates such as future cash flows from assets (such as leasing, tenants' profiles, future revenue streams, capital values of fixtures and fittings, and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of the reporting period.

4 Property, plant and equipment

	Land	Buildings	Plant and machinery	Motor vehicles	Furniture and fixtures	Total
Cost						
As at December 31, 2019	4,300,000	8,216,383	15,383,986	6,593,097	1,308,451	35,801,917
Additions during the year	-	855,465	60,612	-	-	916,077
As at December 31, 2020	4,300,000	9,071,848	15,444,598	6,593,097	1,308,451	36,717,994
Additions during the year	-	-	15,319	-	-	15,319
Reclassified to investment properties (Refer Note 5)	(4,000,000)	-	-	-	-	(4,000,000)
As at December 31, 2021	**300,000**	**9,071,848**	**15,459,917**	**6,593,097**	**1,308,451**	**32,733,313**
Accumulated depreciation						
As at December 31, 2019	-	8,216,383	15,383,986	6,593,097	1,308,451	31,501,917
Charge for the year	-	85,547	9,333	-	-	94,880
As at December 31, 2020	-	8,301,930	15,393,319	6,593,097	1,308,451	31,596,797
Charge for the year	-	85,546	14,583	-	-	100,129
As at December 31, 2021	**-**	**8,387,476**	**15,407,902**	**6,593,097**	**1,308,451**	**31,696,926**
Carrying value as at December 31, 2021	**300,000**	**684,372**	**52,015**	**-**	**-**	**1,036,387**
Carrying value as at December 31, 2020	4,300,000	769,918	51,279	-	-	5,121,197

	For the year ended December 31,		
	Notes	**2021**	2020
Depreciation charges has been allocated as follow:		**AED**	AED
Direct costs	21	**93,057**	90,964
Administrative expenses	25	**7,072**	3,916
		100,129	94,880

5 Investment properties

	2021	2020
Plots of land	**55,405,000**	53,460,000
Buildings	**30,450,000**	29,750,000
	85,855,000	83,210,000
Movements during the year are as follows:		
Balance at the beginning of the year	**83,210,000**	87,730,000
(Loss) on property revaluations	**(1,355,000)**	(4,520,000)
Reclassified from property, plant and equipment (Refer Note 4)	**4,000,000**	-
Balance at the end of the year	**85,855,000**	83,210,000

Investment properties comprise of fair value of plots of land and buildings located in the United Arab Emirates.

The fair value of the investment properties as at December 31, 2021 has been arrived at on the basis of valuations carried on the respective date by an independent valuer who is not related to the Entity and has appropriate qualifications and relevant market experience in the valuation of properties in the United Arab Emirates.

The fair value was determined using a combination of valuation approaches. For the vacant plots of land, the market comparable approach and the cost approach of valuation was adopted. The market comparable approach reflects recent transactions and comparable prices for similar properties. The cost refers to the costs of construction and professional fees which is added to market value of land as if vacant. For the buildings, direct comparison approach and income capitalization approach were adopted. The direct comparison approach involves making adjustments to the sale price of comparable properties to account differences in location, plot area and shape, potential built-up area allowance height allowance, date of sale, potential views and other individual characteristics. The capitalized income stream therefore refers it the net passing rent under the existing occupational leases are present within the subject premises, for the duration applicable to each respective tenancy.

The valuation of buildings using the income capitalisation approach involves the following significant unobservable input:

(a) Capitalisation rate, taking into account the capitalisation of rental income potential, age and location of the property, and prevailing market condition, of 7.5% -8.5% (2020: 7.5% - 8.5%).

(b) Annual market rents, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the properties.

As at December 31, 2021 the Entity's investment properties are classified as level 3 in the fair value hierarchy.

6 Investment in associates

	Percentage of ownership interest 2021	2020	2021	2020
Ras Al Khaimah Packaging Co.Ltd. LLC (Note 6.1)	**50.00%**	50.00%	**7,202,293**	8,050,895
RAK AMI Hotel FZ-LLC (Note 6.2)	**27.75%**	27.75%	**74,217,974**	75,374,401
			81,420,267	83,425,296

Principal activity of the associates

The principal activity of Ras Al Khaimah Packaging Co. Ltd. LLC is manufacturing of carton boxes and containers wholesale of paper trading.
The principal activity of RAK AMI Hotel FZ-LLC is real estate development construction.

The summarized financial information of the associate, accounted for using the equity method, is as follows:

Movement in investments in associates are as follows:

6.1 Ras Al Khaimah Packaging Co. Ltd. LLC

	2021	2020
Balance at the beginning of the year	**8,050,895**	7,885,551
Share of (loss) / profit in associate	**(848,602)**	165,344
Balance at the end of the year	**7,202,293**	8,050,895

The summarised financial information below of Ras Al Khaimah Packaging Co. Ltd. LLC represents amounts shown in its financial statements prepared in accordance with IFRS.

	2021	2020
Current assets	**16,112,894**	15,354,309
Non-current assets	**13,673,029**	15,270,003
Total assets	**29,785,923**	30,624,312
Current liabilities	**14,888,391**	13,956,003
Non-current liabilities	**492,947**	566,520
Total liabilities	**15,381,338**	14,522,523
Net assets	**14,404,585**	16,101,789
Revenue	**26,366,033**	22,528,320
(Loss) / profit for the year	**(1,697,203)**	330,687
Total comprehensive (loss) / income for the year	**(1,697,203)**	330,687
Entity's share of (loss) / profit for the year	**(848,602)**	165,344
Net assets of the associate	**14,404,585**	16,101,789
Proportion of ownership interest	**50.00%**	50.00%
Carrying amount of Entity's interest in associate	**7,202,293**	8,050,895

6 Investment in associates (continued)

6.2 RAK AMI Hotel FZ-LLC

	2021	2020
Balance at the beginning of the year	**75,374,401**	75,393,531
Share of (loss) in associate	**(1,156,427)**	(19,130)
Balance at the end of the year	**74,217,974**	75,374,401
Current assets	**32,722,847**	34,183,946
Non-current assets	**530,349,973**	333,057,734
Total assets	**563,072,819**	367,241,680
Current liabilities	**39,733,392**	22,227,284
Non-current liabilities	**190,572,683**	8,080,346
Total liabilities	**230,306,075**	30,307,630
Shareholder's current account	**65,314,587**	65,314,587
Net assets	**267,452,158**	271,619,463
Revenue	**26,145**	29,150
(Loss) for the year	**(4,167,307)**	(68,936)
Total comprehensive (loss) for the year	**(4,167,307)**	(68,936)
Entity's share of loss for the year	**(1,156,427)**	(19,130)
Net assets of the associate	**267,452,158**	271,619,463
Proportion of ownership interest	**27.75%**	27.75%
Carrying amount of Entity's interest in associate	**74,217,974**	75,374,401

7 Financial assets at fair value through other comprehensive income (FVTOCI)

	2021	2020
Quoted investments - fair value	**100,286,278**	89,253,435
Unquoted investments - fair value	**43,265,129**	20,165,000
	143,551,407	109,418,435

The movement of financial assets at FVTOCI are as follow:

	2021	2020
Fair value at the beginning of the year	**109,418,435**	124,614,782
Additions during the year	**20,700,000**	1,996,498
Disposal during the year	**(10,000)**	-
Increase/(decrease) in fair value	**13,442,972**	(17,192,845)
Balance at the end of the year	**143,551,407**	109,418,435

The cumulative changes in fair value of financial assets at FVTOCI amounting to AED 60,114,600 as at December 31, 2021 (December 31, 2020: AED 46,671,628) are shown under equity.

8 Financial assets at amortised cost

	2021	2020
The movement of financial assets at amortised cost are as follow:		
Balance at the beginning of the year	**28,528,997**	17,056,682
Additions during the year	**-**	11,120,100
Redeemed during the year	**(9,637,420)**	-
Interest receivable	**1,147,591**	1,407,340
Interest received during the year	**(1,564,337)**	(1,055,125)
Balance at the end of the year	**18,474,831**	28,528,997

Financial assets at amortised costs comprise of DIB TIER 1 SUKUK 3 LTD bond issued by Dubai Islamic Bank on January 17, 2019. The bonds are perpetual with a fixed interest rate of 6.75% per annum. The first call date of the bonds is January 22, 2025.

9 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures.Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Due from related parties

	2021	2020
Ras Al Khaimah Packaging Co. Ltd. LLC, Associate, U.A.E	**589,864**	634,870
Al Bustan Import and Foodstuff Supply, Entity under common control, U.A.E	**238,892**	105,842
	828,756	740,712

b) Loan to a related party

	2021	2020
Ras Al Khaimah Packaging Co.Ltd.LLC, Associate, U.A.E	**6,000,000**	7,000,000
	6,000,000	7,000,000
Due within 12 months (Shown under current assets)	**6,000,000**	7,000,000
	6,000,000	7,000,000

Management has concluded that the expected credit loss for due from related parties and loan to a related party is immaterial as these balances are mainly held with the entities whose credit risk rating has been assessed as low.

A long term loan was granted to Ras Al Khaimah Packaging Co. Ltd. LLC of AED 16 million to finance the construction of its new plant. The loan is repayable in six annual instalments of AED 2 million for the first two years and AED 3 million for the remaining four years commencing from December 2016. The loan is unsecured and carries interest rate of 4% per annum effective August 1, 2015 onwards. During the year, the Entity repaid AED 1,000,000 against the loan.

9 Related party transactions (continued)

c) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended December 31,	
	2021	2020
Sales	**847,999**	1,396,539
Purchases	**301,555**	383,387
Interest income	**256,548**	308,603
Repayment of a loan instalment by a related party	**1,000,000**	2,000,000

d) Key management personnel compensations

The compensation of key management personnel is as follows:

Short term benefits	**360,000**	449,250
Technical committees' allowances	**301,500**	575,500
	661,500	1,024,750

10 Inventories

	2021	2020
Spare parts and others	**3,542,946**	3,573,697
Finished goods	**554,499**	510,226
Filling and packaging materials	**33,251**	36,699
Medicines and vaccinations	**71,707**	72,122
	4,202,403	4,192,744
Less: Allowance for slow moving inventories	**(3,878,305)**	(3,878,305)
	324,098	314,439

Movement in allowance for slow moving inventories as at reporting date is as follows:

Balance at the beginning of the year	**3,878,305**	3,878,305
Balance at the end of the year	**3,878,305**	3,878,305

11 Biological assets

Eggs laying chickens	**882,955**	1,257,845
	882,955	1,257,845

11 Biological assets (continued)

Measurement of fair values

Fair value hierarchy

The fair value measurements for the eggs laying chickens have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Fair value as at		Fair value hierarchy	Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and
	December 31, 2021	December 31, 2020				The estimated fair value would increase (decrease) if:
Eggs laying chickens	**882,955**	1,257,845	Level 3	Biological assets within the scope of IAS 41 are measured on initial recognition and at subsequent reporting dates at fair value less estimated costs to sell, unless fair value cannot be reliably measured.	Estimated selling prices per unit of production AED 0.4 (2020: 0.4)	- the estimated selling prices per unit were higher (lower);
					Estimated yields per chicken average AED 145 (2020: AED 145).	- the estimated yields per chicken were higher (lower);
					Estimated production volume 380 unit per chicken (2020: 380 unit).	- the estimated production volumes were higher (lower);
					Estimated production and selling cost per chicken AED 124 (2020 : AED 124).	- the estimated production and selling costs were (lower) higher;
					Risk adjusted discount rate 14.5% (2020: 14.5%).	- the risk-adjusted discount rates were lower (higher); or
					Estimated terminal value per chicken AED 6 (2020 : AED 6)	- the estimated terminal value were (higher)lower.

There were no transfers between Levels during the current and prior year.

12 Trade receivables

	2021	2020
Trade receivables	**3,039,088**	2,662,255
Notes receivables	**1,086,890**	2,339,984
	4,125,978	5,002,239
Less: allowance for expected credit losses	**(761,994)**	(761,994)
	3,363,984	4,240,245

The average credit period for the trade receivables is 60-90 days (2020: 60-90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

Of the trade receivables as at December 31, 2021, there are 6 customers (2020: 6 customers) which represent 77% (2020: 59%) of the total receivables.

The movements under allowance for expected credit losses as at reporting date are as follows:

	2021	2020
Balance at the beginning of the year	**761,994**	761,994
Balance at the end of the year	**761,994**	761,994

In determining the recoverability of trade receivables, the Entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit allowance required for allowance for expected credit losses.

	Trade receivables – days past due			
December 31, 2021	**1 -30 days**	**31 - 60 days**	**more than 61 days**	**Total**
Expected credit loss rate	**0%**	**0%**	**42%**	
Estimated total gross carrying amount at default	**1,002,284**	**211,953**	**1,824,851**	**3,039,088**
Lifetime ECL	**-**	**-**	**761,994**	**761,994**
				2,277,094

	Trade receivables – days past due			
December 31, 2020	1 -30 days	31 - 60 days	more than 61 days	Total
Expected credit loss rate	0%	0%	77%	
Estimated total gross carrying amount at default	1,264,787	410,525	986,943	2,662,255
Lifetime ECL	-	-	761,994	761,994
				1,900,261

Geographical analysis:

The geographical analysis of trade receivables are as follow:

	2021	2020
Within U.A.E.	**3,039,088**	2,662,255
	3,039,088	2,662,255

13 Advances, deposits and other receivables

	2021	2020
Prepayments	**6,054**	104,096
Staff loan and advances	**325,028**	648,679
Other receivables	**518,257**	574,266
	849,339	1,327,041

14 Cash and bank balances

	2021	2020
Cash in hand	**38,155**	27,331
Cash at banks		
Current accounts	**3,998,268**	1,642,519
Call deposits	**3,289,206**	8,593,297
	7,325,629	10,263,147

Management has concluded that the expected credit loss for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

15 Share capital

During the year the Shareholders at the Annual General Assembly Meeting held on March 7, 2021, have approved to issue dividends in form of bonus share equivalent to 10% of paid up share capital in the ratio of shares held by the shareholders.

16 Reserves

	2021	2020
Balance at the beginning of the year	**139,147,071**	139,088,431
Add: Transferred from net profit for the year	**421,837**	58,640
Balance at the end of the year	**139,568,908**	139,147,071

According to the Articles of Association of the Entity and UAE Federal Law, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid up capital. The statutory reserve is not available for distribution except as stipulated by the law. Any remaining amount of the annual profit after dividends distribution and Board of Directors' remuneration shall be either kept in retained earnings for the coming year or appropriated to a voluntary reserve made for specific purposes and may not be used for other purposes unless resolved by the Shareholders general assembly.

	Statutory reserve	Voluntary reserve	Special reserve	Total
Balance as at December 31, 2019	39,541,160	19,547,271	80,000,000	139,088,431
Movement during the year	58,640	-	-	58,640
Balance as at December 31, 2020	39,599,800	19,547,271	80,000,000	139,147,071
Movement during the year	421,837	-	-	421,837
Balance as at December 31, 2021	40,021,637	19,547,271	80,000,000	139,568,908

17 Retained earnings

	2021	2020
Balance at the beginning of the year	**32,700,523**	32,172,761
Net profit for the year	**3,029,948**	586,402
Transfer to statutory reserves	**(421,837)**	(58,640)
Bonus shares issued (Note 15)	**(8,640,000)**	-
Dividends paid	**(58,643)**	-
Balance at the end of the year	**26,609,991**	32,700,523

18 Employees' end of service benefits

	2021	2020
Balance at the beginning of the year	**2,198,470**	3,023,437
Add: charge for the year	**121,510**	631,002
Less: paid during the year	**(531,322)**	(1,455,969)
Balance at the end of the year	**1,788,658**	2,198,470

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labor Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

19 Trade and other payables

	2021	2020
Trade payables	**918,018**	1,029,990
Unearned revenue	**1,480,230**	1,695,477
Accrued expenses and other payables	**961,609**	1,352,076
VAT payable-net	**34,756**	79,083
Notes payables	**-**	15,000
	3,394,613	4,171,626

20 Revenue

	For the year ended December 31,	
	2021	2020
Revenue from contracts with customers	**12,401,891**	17,783,909
	12,401,891	17,783,909

20.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers and principals.

	2021	2020
Type of goods		
Sales - Chicken	**5,484,450**	9,150,341
Sales - Eggs	**6,917,441**	8,633,568
Total revenue from contracts with customers	**12,401,891**	17,783,909
Geographical markets		
Within U.A.E.	**12,401,891**	17,783,909
Total revenue from contracts with customers	**12,401,891**	17,783,909
Timing of revenue recognition		
Transferred at a point in time	**12,401,891**	17,783,909
Total revenue from contracts with customers	**12,401,891**	17,783,909

20 Revenue (continued)

20.2 Performance obligations

Information about the Entity's performance obligations are summarised below:

Sales - Chicken and eggs

Revenue is generated from the retail and wholesale sales of chicken and eggs. The performance obligation is satisfied upon delivery and acceptance of goods by customers. This is due within 60 to 90 days from the sale.

21 Direct costs

	For the year ended December 31, 2021	2020
Poultry feed	**5,226,595**	5,263,394
Staff costs	**1,480,675**	1,959,448
Fuel, electricity and water	**860,564**	1,323,750
Packaging materials	**853,953**	980,780
Repairs and maintenance	**111,854**	279,871
Medicines and vaccinations	**112,911**	173,367
Depreciation on property plant and equipment (Note 4)	**93,057**	90,964
Purchase of live broiler chicken	**26,121**	898,128
Other direct operating expenses	**2,440,775**	2,195,984
	11,206,505	13,165,686
Decrease in fair value of biological assets	**374,890**	166,058
(Increase) / decrease in finished goods stock	**(44,415)**	1,158,376
	11,536,980	14,490,120

22 Investment income

	2021	2020
Dividend income	**4,840,682**	4,110,676
Interest income	**1,953,676**	1,847,845
Gain on disposal of financial assets at FVTOCI	**1,190,000**	-
Rental income from investment properties	**1,340,411**	1,579,292
	9,324,769	7,537,813

These investments have been fair valued at exit price of AED 1,200,000 under IFRS 13, as on the settlement date with the investee entity, and then disposed by way of settlement at that fair value.

23 Other income

	2021	2020
Scrap sale	**476,346**	-
Others	**437,177**	186,630
	913,523	186,630

24 Selling and distribution expenses

	2021	2020
Salaries and related benefits	**559,444**	1,093,706
Fuel, electricity and water	**238,033**	283,533
Rent	**55,000**	208,766
Repairs and maintenance	**27,141**	62,748
Others	**636,617**	921,399
	1,516,235	2,570,152

	For the year ended December 31,	
	2021	2020
25 Administrative expenses		
Salaries and related benefits	**1,612,776**	1,578,087
Legal, visa and professional	**523,425**	495,894
Technical committees' allowances	**301,500**	575,500
Utilities	**217,303**	195,233
Insurance	**105,986**	306,855
Depreciation on property, plant and equipment (Note 4)	**7,072**	3,916
Others	**399,479**	281,888
	3,167,541	3,437,373

26 Finance costs

Finance costs	**29,450**	50,519
	29,450	50,519

27 Earnings per share

Earnings attributable to equity Shareholders (AED)	**3,029,948**	586,402
Number of shares	**95,040,000**	86,400,000
Earnings per share (AED): Basic and diluted	**0.03**	0.01

Earnings per share is calculated by dividing the Earnings for the year by the number of shares outstanding at the end of the reporting period.

28 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

28 Financial instruments (continued)

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis

	As at December 31,		As at December 31,	
	2021	2020	**2021**	2020
Financial assets	Carrying amount		Fair value	
Loan to a related party	**6,000,000**	7,000,000	**6,000,000**	7,000,000
Financial assets at amortised cost	**18,474,831**	28,528,997	**18,474,831**	28,528,997
Trade receivables	**3,363,984**	4,240,245	**3,363,984**	4,240,245
Other receivables	**843,285**	1,222,945	**843,285**	1,222,945
Due from related parties	**828,756**	740,712	**828,756**	740,712
Cash and bank balances	**7,325,629**	10,263,147	**7,325,629**	10,263,147
	36,836,485	51,996,046	**36,836,485**	51,996,046
Financial liabilities				
Trade and other payables	**1,879,627**	2,397,066	**1,879,627**	2,397,066
	1,879,627	2,397,066	**1,879,627**	2,397,066

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade and other receivables, financial assets at amortised cost, due from and loans to related parties and certain other assets. Financial liabilities consist of trade payables, accruals and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

c) Fair value of financial assets that are measured at fair value on recurring basis

The Entity's financial assets are measured at fair value at the end of each reporting date. Following are the information about how the fair values of these financial assets are determined and their valuation technique and inputs used.

	Valuation technique	Fair value hierarchy	**Fair value as at December 31, 2021**	2020
Quoted Equity Investments-FVTOCI	**Quoted Price**	Level 1	**100,286,278**	89,253,435
Unquoted Equity Investments-FVTOCI	**DCF and Comparable Analysis**	Level 3	**43,265,129**	20,165,000

28 Financial instruments (continued)

c) Fair value of financial assets that are measured at fair value on recurring basis (continued)

Quoted Equity Investments-FVTOCI

The quoted equity investments-FVTOCI are valued based on the quoted bid prices in the active market. There are no significant unobservable inputs and the sensitivity analysis and relationship of unobservable inputs to fair value is not applicable.

Unquoted Equity Investments-FVTOCI

The unquoted equity instruments are valued based on income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

The significant unobservable inputs for unquoted equity investments are long term revenue growth, weighted average cost of capital and discount for lack of marketability and control. The long-term revenue growth rate will be determined taking into account management's experience and knowledge of market conditions of the specific industries 2.5% (2020: 2.5%). Discount rate of 13.24% (2020: 13.24%) was determined using capital asset pricing model. The weighted average cost of capital was determined using a capital asset pricing model 13.24% (2020: 13.24%). The discount for lack of marketability and control was determined by reference to the share price of listed entities in similar industries 2% (2020: 5%).

The sensitivity analysis and relationship of unobservable inputs to fair value is as follows. The higher / (lower) the revenue growth rate, the higher / (lower) the fair value. The higher / (lower) the discount rate, the (lower) / higher the fair value. The higher / (lower) the weighted average cost of capital, the (lower) / higher the fair value. The higher / (lower) the discount, the (lower) / higher the fair value.

Reconciliation of fair value measurement for the Unquoted Equity Investments-FVTOCI

	2021	2020
Balance at the beginning of the year	**20,165,000**	29,227,500
Addition during the year	**20,700,000**	-
Increase / (decrease) in fair value	**2,410,129**	(9,062,500)
Disposal during the year	**(10,000)**	-
Balance at the end of the year	**43,265,129**	20,165,000

These investments have been fair valued at exit price of AED 1,200,000 under IFRS 13, as on the settlement date with the investee entity, and then disposed by way of settlement at that fair value.

29 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) Foreign currency risk management

The Entity does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in Arab Emirates Dirham.

b) Interest rate risk management

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

29 Financial risk management objectives (continued)

c) Liquidity risk management (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the statement of financial position date based on contractual repayment arrangements were as follows:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2021			
Financial assets							
Financial assets at amortised cost	-	-	18,474,831	-	-	-	18,474,831
Loan to a related party	-	6,000,000	-	-	-	-	6,000,000
Trade receivables	-	-	-	-	3,363,984	-	3,363,984
Other receivables	-	-	-	843,285	-	-	843,285
Due from related parties	-	-	-	828,756	-	-	828,756
Cash and bank balances	-	-	-	7,325,629	-	-	7,325,629
	-	6,000,000	18,474,831	8,997,670	3,363,984	-	36,836,485
Financial liabilities							
Trade and other payables	-	-	-	-	1,879,627	-	1,879,627
	-	-	-	-	1,879,627	-	1,879,627
				As at December 31, 2020			
Financial assets							
Loan to a related party	-	7,000,000	-	-	-	-	7,000,000
Trade receivables	-	-	-	-	4,240,245	-	4,240,245
Other receivables	-	-	-	1,222,945	-	-	1,222,945
Due from related parties	-	-	-	740,712	-	-	740,712
Financial assets at amortised cost	-	-	28,528,997	-	-	-	28,528,997
Cash and bank balances	-	-	-	10,263,147	-	-	10,263,147
	-	7,000,000	28,528,997	12,226,804	4,240,245	-	51,996,046
Financial liabilities							
Trade and other payables	-	-	-	-	2,397,066	-	2,397,066
	-	-	-	-	2,397,066	-	2,397,066

29 Financial risk management objectives (continued)

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity maintains an allowance for expected credit losses based on expected collectability of all trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are disclosed in Notes 12 and 13 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

e) Equity price risks management

The Entity's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Entity manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

At the reporting date, the exposure to unlisted equity securities at fair value was AED 40,855,000 (2020: AED 20,165,000).

At the reporting date, the exposure to listed equity securities at fair value was AED 100,286,278 (2020: AED 89,253,435). A decrease of 10% on the stock market index could have an impact of approximately AED 10,028,628 (2020: AED 8,925,344) on the income or equity, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

30 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

31 Contingent liabilities

	As at December 31,	
	2021	2020
Letter of guarantee	**200,000**	200,000

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

32 Capital commitments

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known apital commitments on Entity's financial statements as of reporting date.

33 Segment information

The Entity is organized into two main business segments: poultry includes breeding and poultry trading, and investments segment includes investments carried at FVTOCI, investments in associates, financial assets at amortised cost, investment properties, other assets and fixed deposits held with banks. These operating results of these segments are regularly reviewed by the Entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segments and assess its performance.

	2021		
	Poultry	**Investments**	**Total**
Segment revenues	**12,401,891**	**-**	**12,401,891**
Segment results	**(2,934,792)**	**5,964,740**	**3,029,948**
Segment assets	**20,611,148**	**329,301,505**	**349,912,653**
Segment liabilities	**28,579,154**	**-**	**28,579,154**

	2020		
	Poultry	Investments	Total
Segment revenues	17,783,909	-	17,783,909
Segment results	(2,577,625)	3,164,027	586,402
Segment assets	30,264,626	304,582,728	334,847,354
Segment liabilities	29,928,132	-	29,928,132

There are no transactions between the business segments.

All operations and business of the above mentioned segments are conducted in the United Arab Emirates.
All non-current assets of the Entity are located in United Arab Emirates.