

UNITED FOODS COMPANY (PSC)
CONDENSED INTERIM FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED 31 MARCH 2020

Report on review of condensed interim financial statements to the Board of Directors of United Foods Company (PSC)

Introduction

We have reviewed the accompanying condensed interim statement of financial position of United Foods Company (PSC) (the “Company”) as at 31 March 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the three-month period then ended, and related explanatory notes. Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Other Matter

The condensed interim financial statements for the period ended 31 March 2019 were reviewed by another auditor who expressed an unqualified conclusion on those statements on 5 May 2019.

Scope of Review

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

Conclusion

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

GRANT THORNTON

Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

2020

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2020 (Unaudited)

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March 2020 AED</i>	<i>31 March 2019 AED</i>
Sales, gross		122,269,285	103,206,620
Less: Discounts and marketing expenses		(5,912,390)	(4,018,058)
Sales, net		116,356,895	99,188,562
Cost of sales		(96,703,342)	(78,910,413)
Gross profit		19,653,553	20,278,149
Selling and distribution expenses		(8,917,553)	(8,270,301)
General and administrative expenses		(4,230,432)	(5,287,701)
Finance expense		(242,671)	(249,287)
Gain on sale of investment in an associate	6	10,572,453	-
Other income, net		909,944	966,908
Profit before the results of associate		17,745,294	7,437,768
Share of results of an associate	6	-	(1,198,388)
Profit for the period	3	17,745,294	6,239,380
Earnings per share in AED	9	0.59	0.21

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

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2020 (Unaudited)

	<i>Three months ended</i>	
	31 March 2020 AED	<i>31 March 2019 AED</i>
Profit for the period	17,745,294	6,239,380
Other comprehensive (loss)/income		
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of investment securities measured at FVOCI, equity securities	(178,433)	(20,658)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of an associate	-	16,023
Other comprehensive loss	<u>(178,433)</u>	<u>(4,635)</u>
Total comprehensive income for the period	<u><u>17,566,861</u></u>	<u><u>6,234,745</u></u>

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

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

		31 March	31 December
		2020	2019
		AED	AED
	<i>Notes</i>	(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	102,021,303	104,645,858
Intangible asset		351,934	397,292
Right-to-use assets	5	14,046,287	14,326,567
Investment securities		929,940	252,067
Investment in an associate	6	-	8,998,477
		<u>117,349,464</u>	<u>128,620,261</u>
Current assets			
Inventories		55,234,339	45,265,178
Trade and other receivables		103,456,627	79,518,500
Amounts due from related parties	11	5,680,372	5,726,659
Bank balances and cash	7	74,214,873	84,475,907
		<u>238,586,211</u>	<u>214,986,244</u>
TOTAL ASSETS		<u><u>355,935,675</u></u>	<u><u>343,606,505</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	30,250,000	30,250,000
Statutory reserve		15,125,000	15,125,000
Regular reserve		15,125,000	15,125,000
General reserve		65,314,980	65,314,980
Fair value reserve		(203,059)	(404,786)
Retained earnings		168,668,315	159,889,472
Total equity		<u>294,280,236</u>	<u>285,299,666</u>
Non-current liabilities			
Employees' end of service benefits		7,415,557	7,056,882
Lease liabilities	10	12,710,287	12,719,439
		<u>20,125,844</u>	<u>19,776,321</u>
Current liabilities			
Trade and other payables		39,940,504	36,740,379
Lease liabilities	10	1,589,091	1,790,139
		<u>41,529,595</u>	<u>38,530,518</u>
Total liabilities		<u>61,655,439</u>	<u>58,306,839</u>
TOTAL EQUITY AND LIABILITIES		<u><u>355,935,675</u></u>	<u><u>343,606,505</u></u>

Ali Bin Humaid Al Owais
Chairman

04/06/2020

Mohammed Abdel Aziz Ali Abdalla Al Owais
Executive Vice Chairman

04/06/2020

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

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2020 (Unaudited)

2020:	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2020	30,250,000	15,125,000	15,125,000	65,314,980	(404,786)	159,889,472	285,299,666
Impact of sale of an associate (Note 6)	-	-	-	-	380,160	108,549	488,709
Profit for the period	-	-	-	-	-	17,745,294	17,745,294
Other comprehensive loss	-	-	-	-	(178,433)	-	(178,433)
Total comprehensive income for the period	-	-	-	-	(178,433)	17,745,294	17,566,861
Dividends declared (Note 8)	-	-	-	-	-	(9,075,000)	(9,075,000)
Balance as at 31 March 2020	30,250,000	15,125,000	15,125,000	65,314,980	(203,059)	168,668,315	294,280,236

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

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2020 (Unaudited)

2019:	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2019	30,250,000	15,125,000	15,125,000	65,314,980	(332,325)	141,217,306	266,699,961
Profit for the period	-	-	-	-	-	6,239,380	6,239,380
Other comprehensive loss	-	-	-	-	(4,635)	-	(4,635)
Total comprehensive income for the period	-	-	-	-	(4,635)	6,239,380	6,234,745
Dividends declared (Note 8)	-	-	-	-	-	(7,562,500)	(7,562,500)
Balance as at 31 March 2019	<u>30,250,000</u>	<u>15,125,000</u>	<u>15,125,000</u>	<u>65,314,980</u>	<u>(336,960)</u>	<u>139,894,186</u>	<u>265,372,206</u>

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

United Foods Company (PSC)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the period ended 31 March 2020 (Unaudited)

		<i>Three months ended</i>	
		31 March	31 March
		2020	2019
		AED	AED
<i>Notes</i>			
OPERATING ACTIVITIES			
	Profit for the period	17,745,294	6,239,380
	Adjustments for:		
	Depreciation on property, plant and equipment	2,880,072	2,675,322
	Depreciation on right-to-use assets	405,710	342,327
	Amortisation of intangible assets	45,358	41,877
	Gain on sale of investment in an associate	(10,572,453)	-
	Finance cost	242,671	249,287
	Provision for employees' end of service benefits	525,847	265,630
	Provision for expected credit losses	261,977	171,857
	Share of results of associate	-	1,198,388
		11,534,476	11,184,068
	Working capital changes:		
	Inventories	(9,969,161)	11,149,694
	Trade and other receivables	(24,200,104)	(1,396,582)
	Trade and other payables	3,200,125	(5,785,401)
	Amounts due from related parties	46,287	(17,734)
		(19,388,377)	15,134,045
	Employees' end of service benefits paid	(167,172)	(51,942)
	Net cash (used in)/generated from operating activities	(19,555,549)	15,082,103
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(255,517)	(181,024)
	Proceeds from disposal of investment in an associate	20,059,639	-
	Purchase of investment securities	(856,306)	-
	Net cash generated from/(used in) investing activities	18,947,816	(181,024)
FINANCING ACTIVITIES			
	Payment of lease liabilities	(517,453)	(448,135)
	Finance costs paid	(60,848)	(63,673)
	Dividends paid	(9,075,000)	-
	Net cash used in financing activities	(9,653,301)	(511,808)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,261,034)	14,389,271
	Cash and cash equivalents at 1 January	82,925,907	56,061,316
	CASH AND CASH EQUIVALENTS AT 31 MARCH	72,664,873	70,450,587

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

1 ACTIVITIES

United Foods Company (PSC) (the “Company”) is a Public Shareholding Company, incorporated on 1 November 1976 by a Decree issued by His Highness, The Ruler of Dubai. On 27 June 1994, the Company amended its status to a public shareholding company to comply with the provisions of the UAE Federal Law No. (2) of 2015.

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

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

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY’S ACCOUNTING POLICIES

Basis of preparation

The condensed interim financial statements for the three months period ended 31 March 2020 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements as at 31 December 2019.

In addition, results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

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

New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company’s financial statements for the year ended 31 December 2019, except for the adoption of new standards, interpretations and amendments mandatorily effective for the first time as of 1 January 2020 stated on the next page. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

**2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES
(continued)**

Standards, interpretations and amendments to existing standards that are effective in 1 January 2020

There are amendments to existing standards effective from 1 January 2020 issued by IASB. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's condensed interim financial statements:

- i) IAS 1 (Amendments), *Presentation of Financial Statements* and IAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from 1 January 2020). The amendments provide a clearer definition of 'material' in IAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in IAS 8 has been accordingly replaced by reference to the new definition in IAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.
- ii) Revised Conceptual Framework for Financial Reporting (effective from 1 January 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

As per the management's assessment, no impact on the condensed interim financial statements for the above revisions.

Subsequent events and transactions

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel Coronavirus, a pandemic. Management believes that the outbreak has not had a significant impact to the Company's operations to date. Management currently has an appropriate response plan in place and believes that the Company is well positioned to cope with an expected downturn in the economy due to COVID-19 Coronavirus outbreak.

The Company is closely monitoring the situation and has activated its business continuity plan and other risk management practices to manage the business disruption resulted from COVID-19 outbreak in order to boost the liquidity and sustain the business.

United Foods Company (PSC)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

3 PROFIT FOR THE PERIOD

Profit for the period is stated after charging:

	<i>Three months ended</i>	
	31 March 2020 AED (Unaudited)	31 March 2019 AED (Unaudited)
Inventories charged to cost of sales	89,630,56	71,423,312
Employee expenses	9,404,216	9,079,633
Rental - operating lease	8,368	96,617
Relocation expenses of product lines	-	635,637

Rental – operating leases expense for the period ended 31 March 2020 relates to the lease contracts that have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

4 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the period ended 31 March 2020, the Company incurred costs in respect of additions amounting to AED 255,517 (for the year ended 31 December 2019: AED 2,237,281).

No assets were disposed of by the Company during the period ended 31 March 2020. During the year ended 31 December 2019, assets with a net book value of AED 3,878 were disposed of by the Company.

As at 31 March 2020, capital work-in-progress of AED 477,339 (31 December 2019: AED 239,692) includes the expenditure incurred on the expansion of factory and warehouse facility in Jebel Ali Industrial Area. It includes capital advances of AED 199,884 (31 December 2019: AED 37,350). During the period ended 31 March 2020, capital work-in-progress amounting to AED 91,620 (31 December 2019: AED 4,464,645) pertaining to expenditures incurred on the expansion of factory and warehouse facility in Jebel Ali Industrial Area have been capitalised.

The Company has temporarily rented out a portion of land and building in Al Quoz to a related party and certain staff accommodation units to third party to earn rentals.

5 RIGHT-TO-USE ASSETS

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
As at 1 January	14,326,567	14,919,028
Addition during the period/year	125,430	858,453
Less: depreciation for the period/year	(405,710)	(1,450,914)
	14,046,287	14,326,567

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

United Foods Company (PSC)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

6 INVESTMENT IN AN ASSOCIATE

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
As at 1 January	8,998,477	12,733,792
Share of comprehensive loss of associate	-	(3,623,276)
Share of other comprehensive loss of associate	-	(112,039)
Disposal of investment in an associate	(8,998,477)	-
	<u>-</u>	<u>8,998,477</u>

On February 2, 2020, the Company disposed 100% of its shares in Emirates Refreshments Co., an associate. The Company recognized gain on disposal of investment in associate amounting to AED 10,572,453 recorded in the statement of profit or loss. Impact of sale of an associate amounted to AED 488,709 reclassified from the statement of changes in equity to the statement of profit or loss.

7 CASH AND CASH EQUIVALENTS

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

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Cash in hand	108,650	72,907
Bank balances	2,456,223	1,753,000
Deposits	71,650,000	82,650,000
Bank balances and cash	<u>74,214,873</u>	<u>84,475,907</u>
Less: deposits with an original maturity of more than three months	(1,550,000)	(1,550,000)
Cash and cash equivalents	<u>72,664,873</u>	<u>82,925,907</u>

8 SHARE CAPITAL

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Authorised, issued and fully paid up:		
30,250,000 ordinary shares of 1 AED each	30,250,000	30,250,000
(31 December 2019: 30,250,000 ordinary shares of 1 AED each)		

Dividend declared

The Annual General Meeting held on 15 March 2020 approved 30% cash dividend totaling to AED 9,075,000 relating to 2019 which was paid during the period (relating to 2018: Annual General Meeting held on 25 March 2019 approved 25% cash dividend totaling to AED 7,562,500).

United Foods Company (PSC)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

9 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period amounting to AED 17,745,294 (31 March 2019: AED 6,239,390) by the weighted average number of ordinary shares outstanding during the period ended 31 March 2020 of 30,250,000 shares (during the period ended 31 March 2019: 30,250,000 shares).

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

10 LEASE LIABILITIES

	<i>31 March 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
At 1 January	14,509,578	14,801,392
Addition during the period/ year	125,430	858,453
Add: finance cost	181,823	735,229
Less: payments during the period / year, net of prepayments and accruals adjustment	(517,453)	(1,885,496)
	<u>14,299,378</u>	<u>14,509,578</u>

Presented on statement of financial position as follows:

	<i>31 March 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Current	1,589,091	1,790,139
Non-current	12,710,287	12,719,439
	<u>14,299,378</u>	<u>14,509,578</u>

11 RELATED PARTY TRANSACTIONS AND BALANCES

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

United Foods Company (PSC)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

11 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	<i>Three months ended</i>	
	31 March 2020 AED (Unaudited)	31 March 2019 AED (Unaudited)
<i>Other related parties:</i>		
Sales to related parties	219,569	180,679
Purchases of raw materials and services	10,115	8,720
Expenses recharged	792	162,187
Rental income	131,250	-

Compensation of key management personnel

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

	<i>Three months ended</i>	
	31 March 2020 AED (Unaudited)	31 March 2019 AED (Unaudited)
Short-term benefits	843,699	811,199
Employees' end of service benefits	35,643	36,017
Bonus	144,603	123,288
	1,023,945	970,504

b) Amounts due from related parties:

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
	Trade receivables	680,372
Advance paid	5,000,000	5,000,000
	5,680,372	5,726,659

The Company signed memorandum of understanding/pre-sales agreement and given refundable advance of AED 5,000,000 to a related party for purchase of properties. The Annual General Meeting held on 25 March 2019 approved the transaction. The transaction is subject to further evaluation and approvals of related government authorities.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

12 CONTINGENCIES AND COMMITMENTS**Contingent liabilities**

At 31 March 2020, the Company had contingent liabilities in respect of banks amounting to AED 1,810,478 (31 December 2019: AED 1,750,000) from which it is anticipated that no material liabilities will arise.

Legal claim contingency

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

Capital commitments

At 31 March 2020, the Company had capital commitments in respect of purchase of property, plant and equipment amounting to AED 750,427 (31 December 2019: AED 560,005).

Lease commitments

The land at Jebel Ali Industrial Area is taken on lease for annual rent of AED 979,616 for 10 years ending January 2023, which can be renewed for a further period of 10 years. The future aggregate minimum lease payments on the land and other leases under non-cancellable operating leases are as follows:

	31 March 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Within one year	2,025,978	1,660,149
After 1 year but not more than 5 years	1,952,613	2,279,769
	<u>3,978,591</u>	<u>3,939,918</u>

13 SEGMENTAL REPORTING

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

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

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

Major customer

During the period ended 31 March 2020, revenue from no customer accounts for 10% or more of the Company's total revenue (31 March 2019: Revenue from no customer accounts for 10% or more of the Company's total revenue).

14 FIDUCIARY ASSETS

As at 31 March 2020, the Company held 5.67 MT (31 December 2019: 2.28 MT) raw materials, in a fiduciary capacity on behalf of third parties.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

For the period ended 31 March 2020 (Unaudited)

15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2020, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	31 March 2020 AED	Level 1 AED	Level 2 AED	Level 3 AED
Quoted equity securities				
Consumer Staples Sector	778,978	778,978	-	-
Investments and Financial Services Sector	140,000	140,000	-	-
Marine Terminal Operations Sector	10,962	10,962	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	929,940	929,940	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2019, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	31 Dec 2019 AED	Level 1 AED	Level 2 AED	Level 3 AED
Quoted equity securities				
Investments and Financial Services Sector	242,500	242,500	-	-
Marine Terminal Operations Sector	9,567	9,567	-	-
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Total	252,067	252,067	-	-
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During the period ended 31 March 2020 and year ended 31 December 2019, there were no transfers between the various levels of fair value measurements.