SUSTAINABILITY REPORT 2022

A JOURNEY TOWARDS A SUSTAINABLE TOMORROW

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INTRODUCTION

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- Our Brands

ABOUT THIS REPORT

We are pleased to welcome you to our 2022 sustainability report. This edition provides an overview of our approach to sustainability and our annual performance.

This year, we have been dedicated to enhancing our environmental, social, and governance (ESG) practices, and revised our Sustainability Framework for more effective sustainability management.

This allowed us to set long, medium, and short-term sustainability goals to endure in creating shared value for our stakeholders as a responsible business.

Scope of the Report

This report details the activities of United Foods Company. Unless otherwise specified, the report covers all significant corporate operations from 1 January 2022 until 31 December 2022 to the degree practicable, taking into account data constraints and the limits mentioned where applicable.
Except where otherwise noted, all monetary values in this report are expressed in United Arab Emirates Dirhams (AED).

This report is created in accordance with the Global Reporting Initiative (GRI) Standards, and Dubai Financial Market's ESG Reporting Guidelines. Please read Appendix A for more information and the Content Index.

Our involvement in and support of national, regional, and global sustainability frameworks and projects are also highlighted where relevant.

Please contact us at info@unitedfoods.ae in case of questions or comments about this report or United Foods' sustainability efforts.

CAUTIONARY STATEMENT
This report contains certain forward-looking statements that express the way in which United Foods and its Subsidiaries intend to conduct its activities. These statements typically contain words such as "anticipate," "believe," "expect," "estimate," "forecast," "intend," "plan," "project" or similar expressions. Such statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ from these projected or implied statements. Any forward-looking statements contained in this report are therefore not promises or guarantees of future conduct or policy, and thus United Foods and its Subsidiaries assume no obligation to publicly update any statements made in this report. United Foods and its Subsidiaries rely on information obtained from sources believed to be reliable but do not guarantee its accuracy or completeness.

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, we are proud to present our annual United Foods Sustainability Report for 2020. I would like to thank our customers, partners, and shareholders for their unwavering trust and devotion.
I would also like to thank our employees and management team for their dedication, hard work and commitment to sustainability.

United Foods' rich history, strong brand presence, and reputation for delivering quality products every day gave us the inspiration for continued strong business performance. This provided a strong foundation for building our sustainability strategy and implementing key sustainability targets across our business in order to achieve our vision of creating shared value for all our stakeholders.

We hope this report provides our stakeholders with insights into how we are adopting a sustainability mindset into our everyday actions, by challenging the norms and improving our business practices. We are determined to lead by example and be an inspiration for positive change to continue to create value for all our stakeholders today, whilst safeguarding the prosperity of our future generations.

"We believe that through the successful implementation of key sustainability measures, we can further enhance our economic performance whilst safeguarding the environment and the interests of our customers, our people, and our communities."

Ali Bin Humaid Ali Abdulla Al Owais
United Foods Chairman

CEO'S MESSAGE

The year 2022 has been a tremendous success for United Foods Company, but it has been accompanied by difficulties caused by the rising cost of goods, which have strained the organization's fiscal year.

Importantly, we remained focused on implementing our strategies for a sustainable future despite the turbulent times that the company endured.

Our commitment to sustainability aligns with the UAE's Vision 2030 for the environment. Our goal is to lead the way among local UAE businesses in achieving the 2030 sustainable goals.
Our sustainability objectives are encapsulated in four points as illustrated.

These points demonstrate our commitment to achieving a sustainable organization for the benefit of future generations and our planet.
The accomplishments of the United Foods Company team are detailed in the report for the current year.

Lastly, I would like to extend my sincere gratitude to our team because, within a short period of time, they were able to integrate sustainability practices into their departments for a better future.

1 By 2030, carbon dioxide emissions must be reduced by 45 per cent from 2010 levels, and net-zero emissions must be achieved by 2050.

2 Enhance the organization's diversity by increasing the number of women in order to reduce gender inequality and increase economic growth.

3 Implementation of Responsible Marketing Practices across all products and communications to promote environmental health, human health, resource security, and social justice.

4 Wellness and happiness in the community through devoted community initiatives that contribute to the prosperity and well-being of our society.

Fethi Khiari
Chief Executive Officer

2022 Highlights

Strategic Alignment

This year, we revised our Sustainability Framework in alignment with national and global ESG strategies.

Outstanding Performance

We marked 2022 as a year of excellence in business performance with an increase of 25.62% in sales, 16.03% in gross profit, and 99% in net profit.

Going Net-zero

We launched our decarbonisation targets of 40% reduction by 2030 and net-zero by 2050.

70% less paper

in our human resources activities thanks to business automation.

100% Trans Fats Free

We entirely eliminated hydrogenation from our products since 2020.

A rated

We achieved the A rating from the Dubai Municipality's Food Safety Department which demonstrates our commitment to food safety excellence.

2444 hours

A 160% increase in investment in employee learning and development since 2020.

Zero non-compliance

We maintained our track record of zero non-compliance in meeting any certification or regulatory requirements.

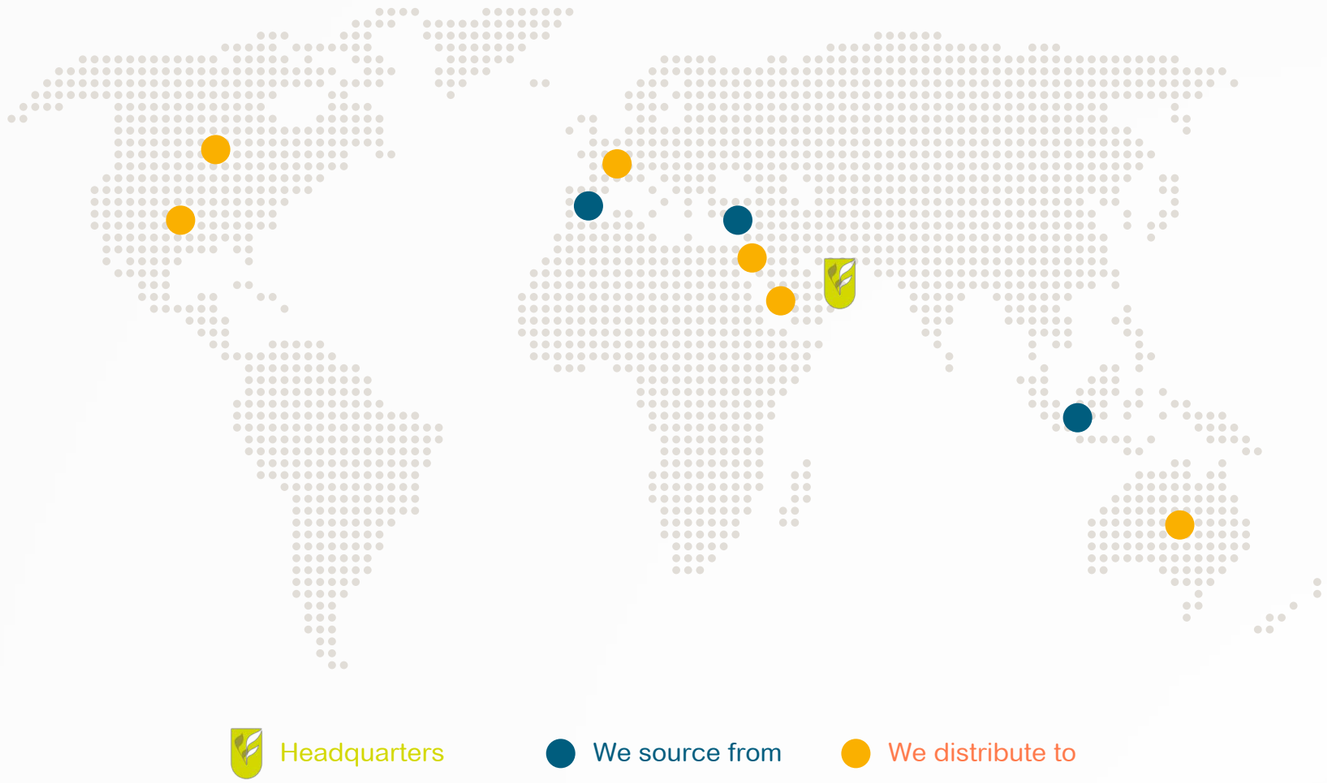
ABOUT UNITED FOODS

United Foods Company was founded in 1976 located in the United Arab Emirates and has been a publicly-listed company since 2006.

United Foods' headquarters are located in Dubai's Jebel Ali Industrial Area. In 2006, we established our brand-new manufacturing facility in Jebel Ali, and in 2019, we moved all of our production facilities to this location.

The distribution coverage of United Foods includes the UAE, GCC nations, the greater Middle East, Asia, Europe, Africa, the United States, Canada, and Australia.

We are recognized as the preeminent producer of cooking oils and fats in the local market. Our main brand, Aseel, is the market leader in vegetable ghee in the United Arab Emirates.



We use comprehensive systems across our whole value chain to guarantee that our goods are delivered in a socially, ecologically, and economically responsible way.

Food safety and quality are of the utmost importance to us, and we take great pride in our modern facilities, expert personnel, and Quality Management System (QMS) with worldwide recognition.

OUR BRANDS

Our wide portfolio of healthy cooking oil brands are tailor-made for the unique cooking needs of our customers.

Aseel is our flagship brand owning 81% of the market in the vegetable Ghee segment. In addition, our leadership continues in the Margarine category where we dominate 78% of the market with Mumtaz and Nawar.
Our rich portfolio is not limited to fats and oils as we have exclusive distribution rights for international brands in the ice cream category such as Oreo, Cadbury, KitKat, and Toblerone.

3 GOOD HEALTH AND WELL-BEING

Our Market Leader: Aseel Vegetable Ghee

We take great pride in our extensive selection of premium cooking oils sourced from the best-in-class vendors across the world, and processed in state-of-the-art facilities. Aseel, our flagship brand, dominates the UAE vegetable ghee industry as the market leader.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Latest Launch: Leading Sustainable Production and Consumption with nawar Spreadable Light

We value our position as a leader holding responsibility for the environment and our customers. This is why we actively promote an environment-friendly lifestyle.

Our latest product nawar was launched in 2022 as the pinnacle of our commitment to sustainable production and consumption.

Following our mantra of "good for the environment, good for your health", nawar Light Spreadable holds a rich buttery taste while being 100% vegan, and entailing zero trans fatty acids.

In addition to its health benefits, nawar is our first product contained in a biodegradable tub. This is a testimony to United Foods' constant search for sustainable packaging options alternative to conventional plastics.

Vegan | POWERED BY SUSTAINABLE ENERGY | 100% BIODEGRADABLE*

Our mission is to satisfy our customers' preferences for traditional cuisine while also providing them with ecologically responsible items made using cutting-edge techniques.

SUSTAINABILITY AT UNITED FOODS

- Our Approach to Sustainability
- Sustainability Governance at United Foods
- Our Sustainable Value Creation Model
- Alignment with National and Global Sustainability Frameworks
- Stakeholder Engagement
- Materiality Matrix

OUR APPROACH TO SUSTAINABILITY

At United Foods Company, we witnessed the growth of Dubai and the United Arab Emirates throughout the country's significant expansion and transformation that have served to build the UAE as one of the most important business centres in the world.

We understand that the global food and beverage industry is going through substantial changes in terms of food security and sustainability. We perceive these changes as catalysts for more emphasis on sustainability in the industry. This is why, as these developments took place, we amended our Sustainability Framework with the intention of placing more importance on the processes that are positively impacted by our actions.

Our Sustainability Pillars

Our four revised priority areas encompass our prioritised socio-environmental sustainability challenges and opportunities throughout our value chain. This guides our business strategy to work for a better future not just for our firm but also for our stakeholders and for our planet.

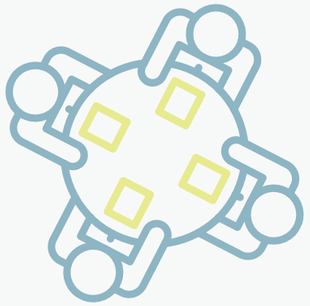
- Resilient Business
- Empowered Communities
- Quality Products, Healthy Society
- Circular Economy

SUSTAINABILITY GOVERNANCE AT UNITED FOODS

Our business strategy correlates directly with the triple bottom line of people-planet-profit. When making decisions and measuring performance on economic, environmental, and social performance, sustainability is always an integral part for United Foods' operations.

We are committed to achieving the goals specified in our Sustainability Strategy and we maintain a strong corporate governance framework to do so.

The Board of Directors of United Foods and the Top Management team are responsible for supervising the implementation of crucial policies, processes, and operational directives, as well as regularly reviewing relevant sustainability KPIs.



Our Commitments for 2023

In the year 2023, we will establish a Sustainability Committee for our organisation. The Sustainability Committee will consist of key internal stakeholders who have been appointed to oversee the implementation of various sustainability initiatives across all business divisions.

The United Foods Sustainability Committee will be tasked with allocating critical responsibilities and key performance indicators (KPIs) to each department and promoting organizational-level behavioural change.

The United Foods Sustainability Committee

The Committee will be launched in 2023 and will oversee the below focus areas:

Sustainability Pillar	Focus Areas	Responsible Department/Division
Resilient Business	• Our Value Chain • Business Performance • Governance & Business Ethics • Excellence & Compliance	Finance Corporate Governance Compliance
Quality Products, Healthy Society	• Innovation & Quality • Product Safety & Health • Certifications • Responsible Marketing • Corporate Social Responsibility	Research & Development (R&D) Quality & Assurance (QA) Marketing
Empowered Communities	• Employee Benefits • Learning & Development • Diversity & Equality in the Workplace • Occupational Health & Safety	Human Resources (HR) Occupational Health & Safety (OHS) Marketing
Circular Economy	• Responsible Procurement • Energy Management • Water Management • Wastewater Management • Waste Management	Operations R&D Q&A Marketing

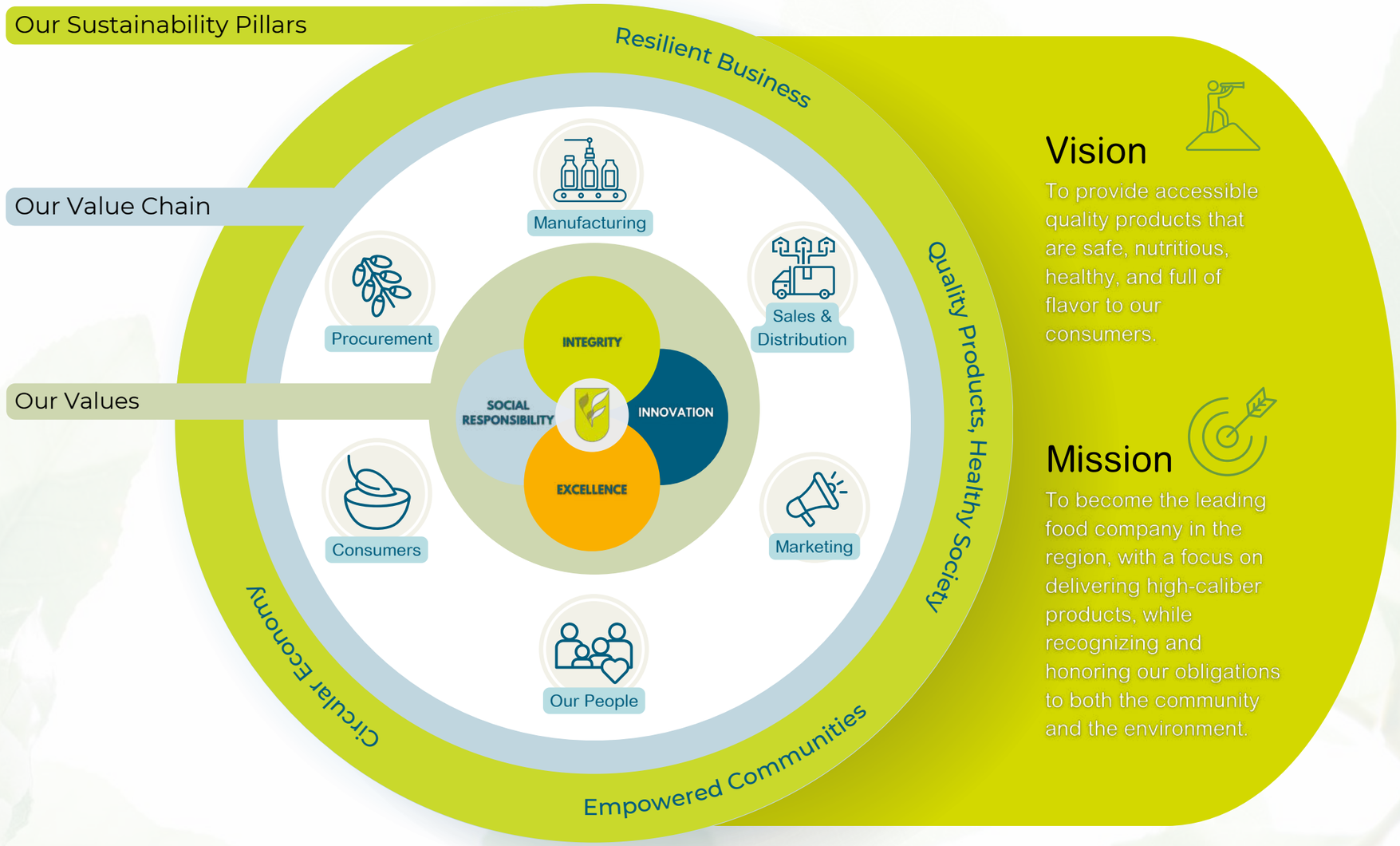
OUR SUSTAINABLE VALUE CREATION MODEL

A journey toward a sustainable tomorrow

Our sustainability pillars encompass all environmental, social, and governance (ESG)-level aspects of our value chain.

Our values are driven by integrity, innovation, excellence, and social responsibility.

Our sustainable value creation model enforces our vision and mission.



ALIGNMENT WITH NATIONAL AND GLOBAL SUSTAINABILITY FRAMEWORKS

We built our approach to sustainability and the areas in which we concentrate our efforts, in alignment with the selected global and national sustainability guidelines and frameworks.

Sustainability Pillars

- Resilient Business
- Quality Products, Healthy Society
- Empowered Communities
- Circular Economy

Global Impact

National Impact

- Dubai Financial Market ESG Reporting Guidelines
- UAE Vision 2021
- UAE Agenda for Sustainable Development 2030
- UAE National Food Security Strategy
- UAE Circular Economy Policy
- Dubai Clean Energy Strategy

STAKEHOLDER ENGAGEMENT

At United Foods, we are always working to improve how we communicate with our various stakeholders. We improve our performance by encouraging open channels of communication and inclusion among all our stakeholder groups on key issues of material importance.

One of the most important aspects of our overall plan for achieving sustainability is the procedure for mapping out stakeholders. By going through this procedure, we identify our most important stakeholders, as well as our means of involvement, and the primary requirements and objectives of each and every stakeholder group.

Stakeholder Engagement Table

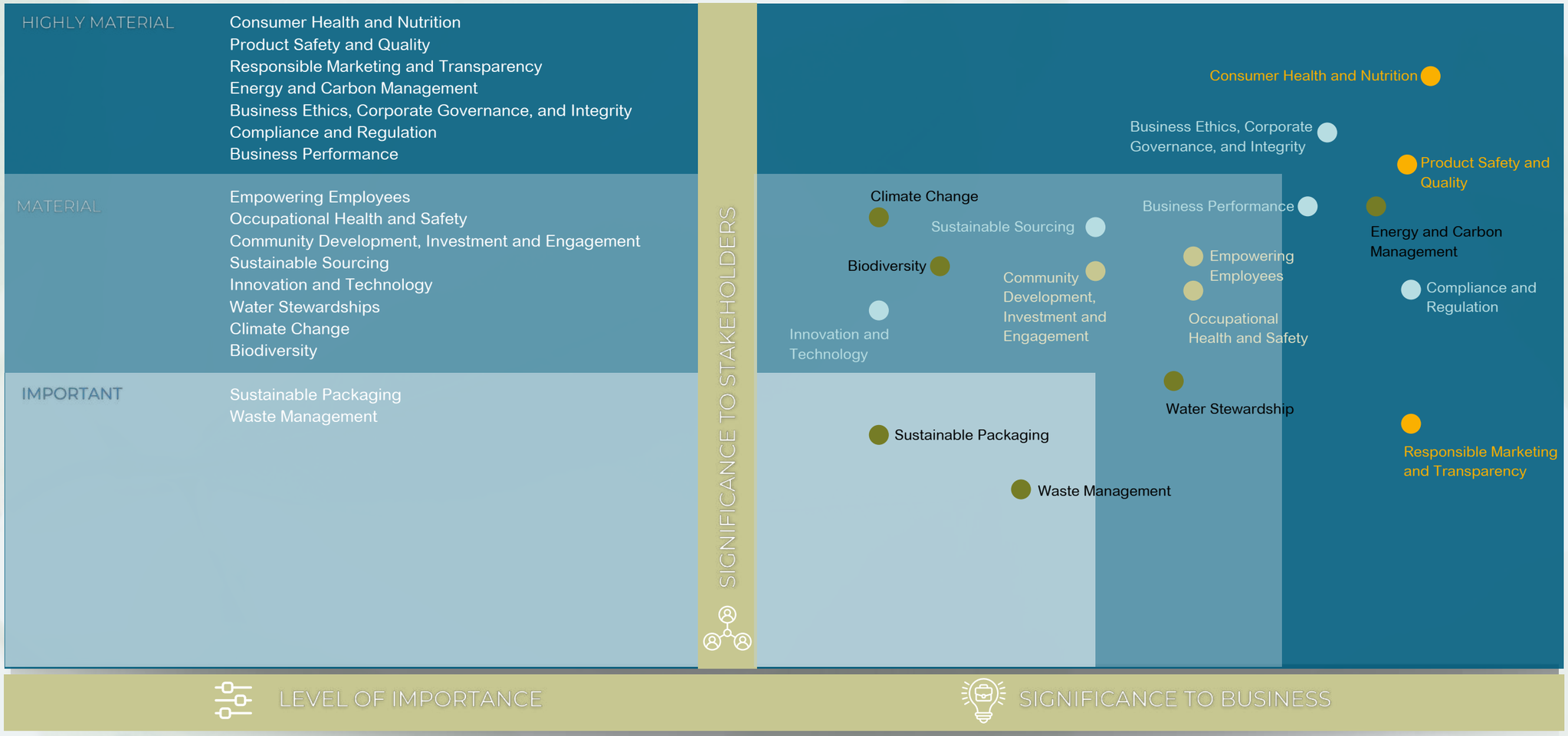
Stakeholders	Engagement	Needs and Expectations
Consumers	Social and digital media, Community engagement activities, Satisfaction surveys, Regional food fairs	High quality, safe, healthy, and sustainable products, Efficient and pro-active customer channels, Friendly and responsive customer service
Our people	Operations, employee trainings and orientations, Certifications, Policies, Social gatherings	Employee engagement and growth, Diverse and inclusive workforce, Safe and secure work environment, Fair compensation, Recognition and rewards
Shareholders and Investors	Annual reports, Corporate Governance reports, Quarterly financial statements, Board meetings, Digital platforms, Dedicated contact person, DFM e-service portal	Strong balance sheet and continuous cash flows, Transparency and disclosure, Incorporate ESG criteria into business operations and activities, Dynamic risk management, Strong market position
Communities	Donations to charitable causes, Social welfare campaigns	Social initiatives and programs to promote wellbeing of the community, Partnerships with other organisation to address social concerns, Regular one-off, high participation low-cost activities
Government and Regulators	Internal & External audits, Internal control and risk management systems, Compliance department, Audit Committee, Annual Reports	Alignment to national strategies and visions, Compliance with legal and regulatory requirements, Protecting customers and shareholders, Transparency and disclosure
Partners	Supplier feedback surveys, Supplier portal, Procurement department	New opportunities for engagement and interaction, Open communication channels, Fair and respectful treatment of suppliers, Timely payments, Fair and transparent bidding procedures

MATERALITY MATRIX

The materiality evaluation serves in a fundamental capacity as the core of our sustainability approach. It is a critical and ongoing component of the company's efforts to control its impact on the environment and the community. This guarantees that new ideas and problems are uncovered, and ensures that our resources are directed toward the areas that are of the utmost importance.

The matrix depicts the 17 most critical sustainability issues to our business and stakeholders, which range from environmental performance to social well-being. As a result, they are essential components of our Sustainability Framework, and we continuously work to excel in them.

We have re-organised our material topics into pillars of our Sustainability Framework, which constitute the core of our sustainability management approach in line with global and national sustainability guidelines and frameworks. This framework acts as a guide for the strategic choices and activities we take to meet and surpass our social, environmental, and economic obligations. Our updated Sustainability Framework encompasses what sustainability means to United Foods and is tightly aligned with our company vision and purpose.



Resilient Business

Quality Products, Healthy Society

Empowered Communities

Circular Economy

OUR SUSTAINABILITY JOURNEY

RESILIENT BUSINESS

- Our Value Chain
- Business Performance
- Governance & Business Ethics
- Excellence & Compliance
- Data Security & Information Technology

EMPOWERED COMMUNITIES

- Empowering Our Employees
- Diversity & Equality in the Workplace
- Learning & Development
- Occupational Health & Safety

QUALITY PRODUCTS, HEALTHY SOCIETY

- Innovation & Quality
- Product Safety & Health
- Certifications
- Responsible Marketing

CIRCULAR ECONOMY

- Responsible Procurement
- Energy & Carbon Management
- Water Management
- Wastewater Management
- Waste Management

RESILIENT BUSINESS

United Foods implements a well-planned financial strategy to create social and environmental value for all stakeholders to sustain its strong business performance. Through good corporate governance and strong leadership, we serve our shareholders, workers, and communities. We comply with government and certifying body requirements since our company effectiveness depends on it.

- OUR VALUE CHAIN
- BUSINESS PERFORMANCE
- GOVERNANCE & BUSINESS ETHICS
- EXCELLENCE & COMPLIANCE
- DATA SECURITY & INFORMATION TECHNOLOGY

Our Value Chain

PROCUREMENT

AED 100,000,000 +
Annual expenditure on local vendors

Routine supplier evaluations

Certification of Compliance with the RSPO Supply Chain

MANUFACTURING

Highest Quality Control Standards

ISO & HACCCP

200+ products
manufactured in

world-class and modern facilities

Continued enhancement through advanced Research & Development

SALES, DISTRIBUTION & MARKETING

Our distribution network spans

over 60 countries across 5 continents

Our online delivery platform caters to the needs of both retail and household consumers

Halal Certified Products

OUR PEOPLE

Our people are the true essence of our company.

United Foods employs almost

492 individuals

All our employees are highly skilled and professionally trained in a broad range of industries.

CONSUMERS

Global consumer-base

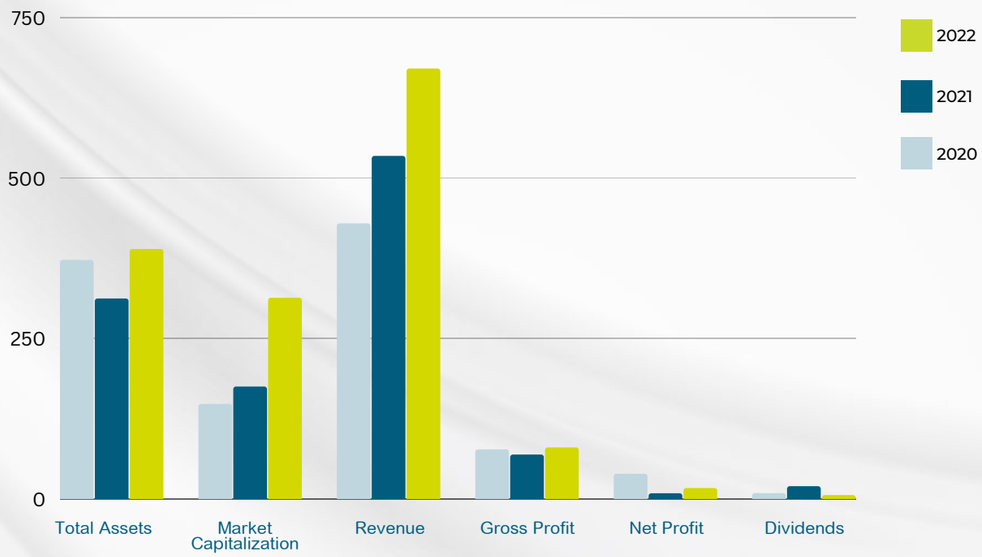
United Foods provides customers all over the globe with food and beverage items that are of the highest quality and are trusted brands via its world-class network of integrated supply chain.

BUSINESS PERFORMANCE

We understand that our success as a company is defined by the shared value we create for all our stakeholders. We take great pride in our consistently robust financial results and the positive impact we have had on the local economy over the years.

We are taking efforts to further increase our performance via a well-balanced business strategy that will yield substantial economic benefits while ensuring that we consistently safeguard and promote the wellness of our employees, community, and the planet.

FINANCIAL METRICS IN MILLION AED



Sustaining Growth

In 2022, the Company's revenue and profitability increased substantially, by 25.62% in sales, 16.03% in gross profit, and 99% in net profit compared to 2021.

We also marked this year as a year of excellence in business growth with

- 92.6% increase in earnings per share (0.27 AED in 2021 to 0.52 AED per share in 2022)
- 5.62% return on invested capital (up from 2.91% in 2021)

Our outstanding performance was attributable to:

Smart pricing decisions

Continued business growth

Reduction in costs

KPIs for measuring Robust Business Performance

1. Healthy balance sheet
2. Revenue growth
3. Profitability growth
4. Controlling expenses
5. Consistent dividend pay-outs

KPIs for measuring adherence to applicable laws and regulations

.1. Quarterly External Audit

2. Regular Internal Audit

3. Timely and accurate submission of requirements to DFM

Maintaining Resilient in the Face of Volatility

The company continues to manage the exceptional volatility of commodities markets by regularly deploying cost-reduction techniques on the expense side while maintaining its market share via rapid pricing adjustments. In addition, the company is constantly pursuing acquisition possibilities, mainly in the food and beverage business, to grow into more value-added offerings and reduce its reliance on commodity volatility.

To maintain our outstanding performance, we adhere to a robust set of procedures that ensure the continuity of our business profitability.

1. These procedures include the below:
   We have a 5-year financial strategy which is reviewed and approved by the Board of Directors.
2. The budget for the next year is created annually with the involvement and inputs from all the functions and the same is presented to the Board of Directors and approved by them.
3. The CEO and the Board review the monthly profit and loss statements.
4. The Board of Directors reviews and approves the company's quarterly financial performance.
5. Senior management and the Board take actions, where appropriate, to bring the company's financial performance in line with the budgeted aim.
6. After management review, a monthly VAT return is filed through the Federal Tax Authority (FTA) site. In the event of any queries or clarifications, the FTA communicates directly with management, which is subsequently resolved in consecutive returns, if required.

Revenues by Business Segment	2020	2021	2022
Manufacturing	95.6 %	95 %	93.4 %
Others	4.4 %	5 %	6.6 %

GOVERNANCE & BUSINESS ETHICS

We are proud of our track record in complying with the Emirati Securities and Commodities Authority (ESCA) in terms of our governance structure and meeting all legal and regulatory criteria . In addition, we are trying to enhance our corporate governance procedures in order to satisfy the ESG requirements outlined in the Dubai Financial Market (DFM) ESG reporting standards guide.

Strong corporate governance at United Foods directs and supports responsible management, promotes strategic decision-making, and allocates responsibility throughout the enterprise.

0

- Zero non-compliance with regulatory requirements
- Zero cases of bribery and corruption
- Zero grievances related to human rights abuses or ethical misconduct

Board Composition

Board of Directors	2020	2021	2022
Number of members	9	9	9
Number of independent members	5	7	7
Executive members of the Board of Directors	1	1	1
Non-executive members of the Board of Directors	8	8	8
Number of female members	0	0	0

Board Independence

United Foods Board members are independent. ESCA laws changed in 2020 to limit board members to four terms. The United Foods General Assembly added two board members in 2021. Up to 78% of our board members are thus independent.

Our Commitments for 2023

To effectively generate shared value for all of our stakeholders, the United Foods Board of Directors and Executive Team will support and lead us on our road to become a more sustainable company by:

- Supporting enhanced stakeholder engagement to better comprehend material issues
- Integrating our sustainability strategy and risk management framework
- Implementing policies and guidelines to further bolster our business ethics standards
- Overseeing our ESG performance and associated sustainability disclosures

In accordance with our pledge to sustainable development, the Board of Directors and senior management will form the Sustainability Committee in 2023. This Committee will monitor the implementation of the following commitments:

FEMALE BOARD MEMBER

United Foods has no female board members yet supports women in business. Female participation in senior management roles and our Recruitment Policy All resourcing choices shall be made without age, sex, ethnicity, colour, or handicap prejudice. The United Foods Board is promoting female Board candidates in 2024.

BOARD ESG MANAGEMENT

Currently, we are in the process of establishing a governance system where the Board will oversee the environmental, social, and governance performance of the company. This will include the rolling-out of:

- Diversity and Ethics Policy
- Company-wide training in anti-corruption and business ethics
- Risk & Investment Committee formation and charter creation
- Board ESG performance tools

EXCELLENCE & COMPLIANCE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

As a regional leader, we are prepared and fully equipped professionally to adhere to the additional compliance requirements in all aspects of our business.

United Foods is a member of the Global Trusted e-Network and has management systems in place across the company's full value chain, demonstrating its dedication to being a reliable and reputable organisation.

We proactively enabled a culture of compliance thanks to our continued training and awareness sessions for our staff on a variety of topics related to legal and ethical compliance. This allows us to build an environment where people take responsibility for their contributions to society.

Quality and excellence are of the utmost significance to our business, and we are committed to both their necessities and objectives. We make it a priority to follow every rule and piece of legislation imposed by Dubai Municipality's Food and Safety Department, our primary regulator for quality and standard compliance.

Pioneering Excellence

We are pleased to report that our company excelled in meeting any certification or regulatory requirements in 2022. Our performance in business excellence covers 100% compliance with the below regulations.

100%

- Economic and business regulations
- Product information and labelling laws
- Occupational health and safety
- Environmental regulations
- Data security and consumer rights

DATA SECURITY & INFORMATION TECHNOLOGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Our IT Department contributes to our sustainable value creation capacity by adopting the latest technology that ensures maximum data security, power saving, and employee productivity. Virtual business systems and networks are becoming more sophisticated every day.

There is a rising need for solutions that are both secure and efficient for the gathering and distribution of information, and this is why we work continuously to remain current with the most recent advancements in information technology, such as those pertaining to data privacy and cyber security.

We managed to save paperwork and prints via business automation. A reduction of 70% in paper consumption concerning Human Resources activities was achieved - we aim to build on this achievement in the coming years by going 100% paperless across all our office work.

Business Process automation

Our Procurement, Logistics, Manufacturing Sales, Merchandising, Human Resources, Marketing and Communications departments constantly expand their use of technology and automation. This is why we put into place efficient techniques to identify and manage the risks that are involved with this transformation in order to ensure the continued operation of our business systems while simultaneously realising the benefits of increased efficiency. We invested AED 636,258 in this Business Automation initiative through IBM, where we were able to transfer all our data to an automated cloud. With this, we obtained significant enhancements.

- cost-efficiency
- business continuity
- improved employee productivity

70%

Outlook for 2023

Looking into the future, we will be leveraging our IT capacity to excel in business processes in the below:

- Route optimization
- Warehouse management system
- Sales force automation

QUALITY PRODUCTS, HEALTHY SOCIETY

We put forth extra effort every day to ensure that our customers have access to healthy, nutritious, and accessible food. For this, we work diligently towards product excellence and innovation. Moreover, including accurate nutritional and packaging information on our product labels is our approach to guiding our community to make responsible consumption choices. Our advertising campaigns not only raise awareness for our firm, but also benefit community awareness

- INNOVATION & QUALITY
- PRODUCT SAFETY & HEALTH
- CERTIFICATIONS
- RESPONSIBLE MARKETING

INNOVATION & QUALITY

In order to guarantee that our products and packaging are constantly on the leading edge of innovation, United Foods has invested in state-of-the-art research and development (R&D) facilities and assembled an experienced staff with a focus on quality assurance and food and beverage quality control.

Our aim is to leverage our value chain to create goods that are also beneficial for people and the planet.

Innovation for a better planet

We always seek to broaden our product line and meet the demands of our customers while exploring more environment-friendly resources and techniques.

This year, we made the move to biodegradable packaging.

We launched the peak of our dedication to a sustainable and healthy future, our vegan nawar Light Spreadable in biodegradable tubs.

To guarantee the new biodegradable tub meets our stringent excellence requirements, we conducted a series of evaluations at internationally recognised laboratories.

With this new product introduction, we are taking the first steps toward greater environmental responsibility, starting with the margarine tubs.

Our aim is to scale up this initiative to cover all our applicable products. In 2023, we will gradually introduce biodegradable packaging for all our products that come in plastic packaging.

PRODUCT SAFETY & HEALTH

Our premium quality goods are made with consideration for the well-being of our consumers. Each and every one of our procedures is a reflection of our unyielding commitment to the safety of our products. Our excellence in supplying only the finest quality goods is shown by our cutting-edge production facilities, highly-trained and professional workforce, and internationally acclaimed food safety management systems.

Our Quality Assurance (QA) team guarantees that all protocols for ensuring food safety and quality are strictly adhered to. We are able to refine our procedures over time and maintain a high standard of quality thanks to the quality assurance team closely monitoring the most recent developments in food safety and quality research.

Our track record of high product safety and health is established on the basis of qualified personnel, modern facilities, compliance and validation, and budget and planning.

Qualified personnel to assure all quality-related operations for the provision of health and safety.

Modern infrastructure with labs at three critical locations. Our labs are outfitted with cutting-edge equipment to ensure the accuracy and reproducibility of test findings.

Strict adherence and compliance to regulatory standards and corporate standards for both raw material processed products and finished items. Validation of test findings from third-party laboratories is done on a regular basis.

Allocation of adequate budget to carry out all planned consumer health and safety operations efficiently and timely.

As a market leader, we understand that our goods have an influence on the health and wellness of our customers. As a result, we strive relentlessly to enhance our products and provide novel food solutions that will benefit our consumers' health.

We aim to create a positive impact on consumers' health and well-being by taking into account the most current technology and advancements in food production.

Arindam Chatterjee
Senior R&D and QA Manager

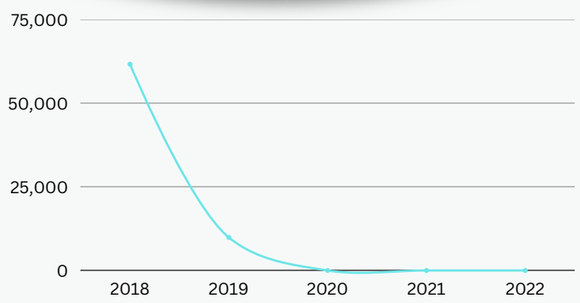
100% Trans Fat Free

In 2018, our R&D team initiated the project of eliminating hydrogenation from our cooking oil products. In 2019, we reached an extraordinary success rate of 40%, and managed to eliminate hydrogenation entirely from our products in 2020.

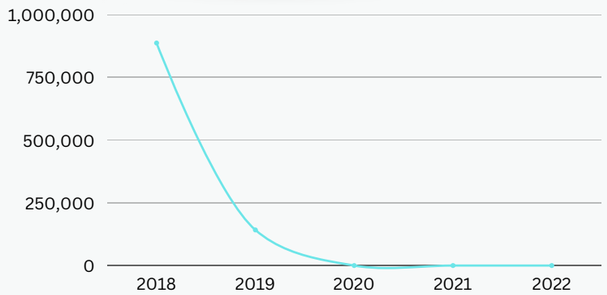
All of United Foods' products have been completely free of trans fats (TFF) thanks to the hard work and creativity of our skilled R&D team and the unwavering support of United Foods' top management. Our TFF products, which include the vegetable ghee and margarine for which we are the UAE leader, will help bring about a significant reduction in the prevalence of non-communicable chronic diseases, including cardiovascular disease, obesity, and diabetes.

The end result was not only healthier but also more profitable products, which is the virtue of sustainability. The transition from "hydrogenated to TFF" eased process and operational difficulties, resulting in reduced storage and handling of several base stocks at our facility. The main result of this innovation has been a large decrease in the use of diesel and a reduction in the factory's carbon footprint.

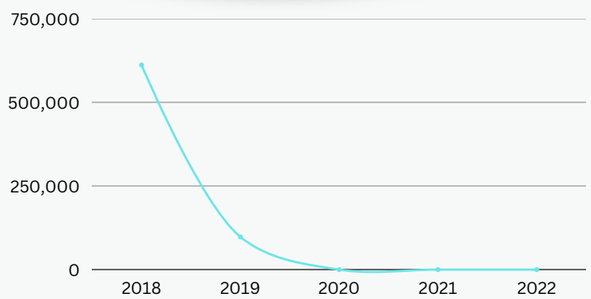
SAVING IN FOSSIL FUEL (DIESEL GLNS)



YEAR WISE COST OF HYDROGENATION (AED)



CO2 FROM HYDROGENATION (CO2 KG)



This big achievement for United Foods shows our dedication to our customers' health and to sustainable business growth via innovation. We're dedicated to providing our clients with a growing selection of high-quality, delicious, and nutritious meals, and we plan to do it by continually innovating our food solutions.

Our savings from the elimination of trans fats include fossil fuel elimination from the process -hence as well the elimination of carbon emissions due to this process.

CERTIFICATIONS

2013

ISO 22000 FOOD SAFETY MANAGEMENT

2016

HACCP CERTIFIED

2020

CERTIFIED SUSTAINABLE PALM OIL RSPO

حلال HALAL

2022

A rated

DUBAI MUNICIPALITY FOOD SAFETY DEPARTMENT RATED A

RESPONSIBLE MARKETING

We believe that sustainability communication is a cornerstone of our business practices and a reflection of who we are as a company. Every day, millions of people across the globe enjoy the products of our valued brands, and we value their trust and connection with us. Leveraging this, United Foods Company has set a goal for itself to actively engage our community in environmental and social awareness programmes.

We designed our Responsible Marketing scheme as a vehicle to utilise our value chain for community awareness programmes based on this strategy.

Our "Responsible Marketing" model includes environmental initiatives, community initiatives, and sustainability communication. These guide our effort in using our marketing activities to promote social and environmental awareness, and stimulate open communication about sustainability in our society.

Marketing at United Foods has taken the organizational vision towards sustainability and developed serious plans towards a sustainable future. We have implemented in the past few years various initiatives that ranged from community support to environmental executions to responsible communication that resulted in a positive impact on the society and the organization in combine.

The priority sustainable executions for 2023 is to complete the packaging design for our existing packaging through responsible communication and environmentally friendly executions.

The coming 3 years will witness a huge leap towards sustainability through various projects such as zero plastic water bottles at UFC facilities, reducing our paper consumption, and extensive support for causes in the community.

Makram Haidar
Head of Marketing Deparment

Responsible Labelling

We received zero complaints or non-compliance issues due to product labelling or information, including regulation on advertisements.

Our product labels always include up-to-date, correct information and adhere to all applicable laws and standards. This approach is used in all of our promotional efforts, including digital, in-person, and trade-marketing campaigns.

The dedication of United Foods Company to sustainability has set the road for responsible communication. Our devotion to ethical product promotion and labelling drives our open communication with our customers and provides them with all the information they need to be aware of the content of the ingredients and how to recycle the packaging safely.

Commitments for 2023

We contribute to multiple outreach programs throughout the year. Our short-term aim is to at least double our spending by 2023, and to that end, we will be establishing an employee volunteering programme. This will help us mobilise collective efforts for our community, and foster a corporate culture of giving.

We will launch an internal initiative to shape our employee's behaviour in terms of plastic pollution. All plastic water bottles will be phased out from our premises and our team will be educated on the importance of reducing, reusing, and recycling.

We will further reduce paper consumption in our offices by educating our employees and expanding automation systems.

Corporate Social Responsibility

Our long-term objective is to become the foremost food and beverage company in the UAE, devoted to improving the quality of life of community members via the execution of a range of social welfare programmes that assist the less fortunate. Our Corporate Social Responsibility philosophy is to always use sustainable and environmentally friendly methods and activities while interacting with our community in an effort to promote awareness about our planet's well-being.

As an interactive medium, our marketing efforts serve to educate and engage our consumers in sustainability. These include social responsibility efforts with regional schools and organisations and environmental education programmes for youth.

Step up with Aseel to Share with Others

As a socially responsible business, we are committed to supporting, nurturing our community and fostering the behaviour of giving as part of our corporate culture. In 2022, we hosted a Ramadan Iftar and served 2,500 wholesome meals to blue collar employees. United Foods plans to continue this initiative as an annual tradition, but in the future, we will only use sustainable packaging while distributing food in an effort to raise awareness and knowledge among our community.

Cyberbullying Awareness Campaign

In an effort to educate the community about the perilous effects of cyberbullying on today's youth, the firm has joined forces with Beat The Cyberbully. This year, we launched the programme at Mirdif's Uptown International Academy to inform parents about the dangers of cyberbullying and the social outcomes for their children's online interactions. We experienced a high level of interest and engagement with social media participation which widened the outreach of the awareness campaign.

Step up with Aseel to Reduce Plastic Waste

Our major brand Aseel took the lead in this initiative by advocating that local institutions, such as schools, store, collect, and upcycle plastic waste for artistic purposes and environmental education. The local artist partner Armita worked with the initiative Step Up With Aseel to build a stunning, inspired sculpture out of plastic waste to demonstrate her responsibility for plastic pollution awareness.

EMPOWERED COMMUNITIES

United Foods is dedicated to generating value for all its stakeholders, including the community in which it operates. We provide our employees with the capabilities they need to advance in their professions, and we treat them with the respect and appreciation they deserve. For our employees, our facilities, and our company as a whole, we accept nothing less than the highest standards of professional health, safety, and well-being.

- EMPOWERING OUR EMPLOYEES
- DIVERSITY & EQUALITY IN THE WORKPLACE
- LEARNING & DEVELOPMENT
- OCCUPATIONAL HEALTH & SAFETY

EMPOWERING OUR EMPLOYEES

8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 5 GENDER EQUALITY

Our employees mirror the mission, ethics, and vision of United Foods. Through the strength of our people, our distinctive culture, and our inventive approach, we are able to produce long-lasting achievements. We provide a welcoming and encouraging work environment in the interest of attracting and retaining skilled staff. This is accomplished while ensuring that the rights of employees are completely safeguarded and fulfilled.

> We believe that creating a diverse and inclusive workplace where everyone is recognised and respected is the first step toward achieving a sustainable and equitable future. Our dedication to equality, diversity, and respect extends to all elements of our operations, including recruiting policies, employee benefits, and work environment.
>
> Alaa Amawi
> Senior Manager, HR and Admin

Our People at a Glance

492

TALENTED INDIVIDUALS FORM OUR TEAM

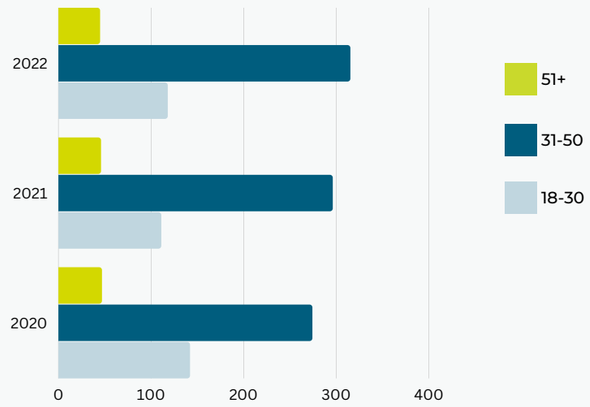
478 MALE

As prevalent in the food and beverages manufacturing industry, our workforce is male dominated.

14 FEMALE

Actively encouraging female employment, we increased female employment by 16% compared to last year

WORKFORCE BY AGE



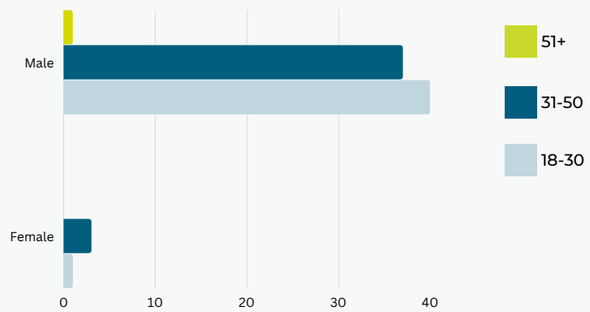
90.6 %

AGED BETWEEN 18-50

82

NEW HIRES IN 2022

NEW HIRES BY AGE



23

NATIONALITIES

Employee Benefits

We are devoted to providing world-class employee benefits that promote our workers' health and well-being. We believe that investing in our employees is critical to the success of our company, from comprehensive health insurance to high competitive remuneration packages. We are always trying to improve our benefits in order to provide our team with the tools and support they need to prosper both personally and professionally. The essential benefits we provide to our employees are:

- annual leave,
- additional three days paid casual leave,
- medical insurance,
- group life insurance,
- parental leave,
- accommodation,
- transport,
- and an overall competitive remuneration package.

When it comes to pension, we adhere to the local regulations for the different groups of employees. For expatriates, the Company calculates gratuity/End of Service monthly as per relevant UAE Labour Laws and the same is accrued in our records. The cumulative accrued amount is then paid to the respective employee at the time of leaving the company. For UAE and GCC nationals, pension contributions from employees and the Company are deposited in Government accounts as per relevant local requirements.

EMPLOYEE SALARIES AND BENEFITS (AED)

2020	2021	2022
26,713,589	28,162,312	29,080,075

Our employee compensation follows a year-on-year increase along with the consideration of increased living expenses and the cost of social welfare globally. We are committed to keeping the local economy thriving by ensuring that our employees are fairly compensated. In 2022, we invested a steadily increasing AED 29,080,075 million in our employee compensation.

We are happy to have experienced a drastic increase in employee attendance in 2022, with only 0.68% of absenteeism. This is a decrease of more than 2/3 from 2.23% in 2020.

DIVERSITY & EQUALITY IN THE WORKPLACE

Our work environment at United Foods conveys an inclusive and equitable culture, which is further supported by the fact that we have a very high employee satisfaction rate. We are proud of our diverse workforce that each brings their unique value to our team and contributes to our capacity for long-term value building. As of 2022, we have 23 different nationalities represented in our workforce.

100% of our employees undergo regular performance and career development reviews.

Human Resources policy and Code of Conduct in alignment with human rights and non-discrimination.

Strict adherence to our Fair Compensation policy which is built on the mantra of 'equal pay for equal work'.

Zero incidents of discrimination or grievances due to discrimination in the history of the company.

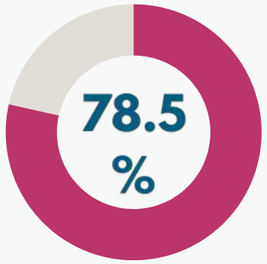
100% retention rate after parental leave since 2020

6.1:1 Ratio of the median compensation among middle management to CEO compensation

Gender Equality

As a food and beverages business, a common trend in the industry is the challenge of attracting female workforce. 75% of our workforce consists of blue-collar personnel which is not a sector that is culturally appealing to women in the UAE. Our current rate of female employment stands at 2.8%, an increase of 0.2 percentage points since last 2021.

78.5% of our female employees are placed in middle and senior management positions. As such, our gender pay ratio is outstandingly favoured towards female compensation, with 2:1 since 2020.



Of our female employees are placed in middle and senior management roles

GENDER PAY RATIO

Ratio of the median compensation of women to men since 2020	2:1

Outlook for 2023

To encourage younger and female employment at our company, in 2023, we will be building a traineeship/internship programme with the local universities in order to assist with overcoming this challenge. With this, we believe that not only will we be able to capitalize on the varied set of abilities that the next generation will bring to the industry, but we will also take the lead in the sustainable development of the nation by generating further employment.

LEARNING & DEVELOPMENT

We believe that an encouraging atmosphere at work is conducive to increased innovation and production. We are well aware that retaining and cultivating one's workforce is critical to the success of any business, and it is for this reason that we devote both our time and our resources to the facilitation of professional employee learning and development activities.

In 2022, we conducted Employee Learning & Development sessions in the following main areas:

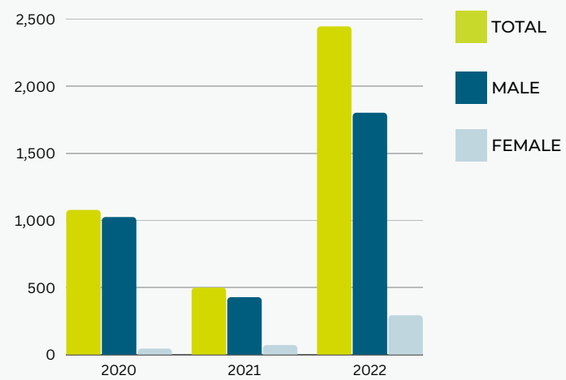
- Safety Training
- Occupational Training
- External Training for Management
- Internal Training for blue-collar employees

The criteria for employee training are defined based on the nature of the work category, the requirements of the government, or the requirements of the department head, according to the outcomes of performance appraisal results.

We are proud to announce that 2022 has been a remarkable year in terms of professional employee learning and development. In 2022, we increased our employee engagement in capacity building by 127% compared to 2020 and almost quadrupled since 2021. This translated into an increase of 160% in investment in employee development.

This is thanks to the increased emphasis from higher management on employee development, the easing of the COVID-19 lockdowns, as well as the recruitment of an additional workforce by 3.6% compared to 2020.

TRAINING HOURS BY GENDER



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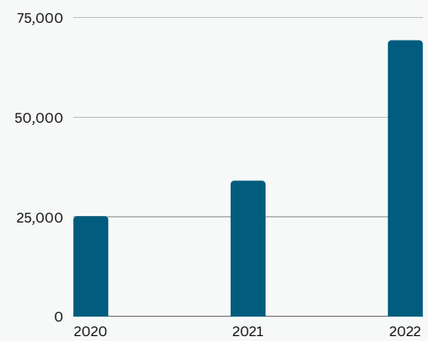
HOURS OF TRAINING IN 2022

INVESTMENT IN EMPLOYEE LEARNING (AED)



160%

INCREASE IN INVESTMENT IN EMPLOYEE LEARNING AND DEVELOPMENT SINCE 2020

OCCUPATIONAL HEALTH & SAFETY

The foundation of health and safety is a workplace safety activity that contributes to the development of a hazardless workplace and the maintenance of such a workplace within tolerable limits of risk. Our company can endure these challenges because we prioritise the welfare of our greatest asset: our people.

Our HSE Committee's responsibility is to ensure that all of our health and safety policies are being followed by all of our business divisions and all of our workers. The committee's duty is to ensure that workers always have access to the most current training materials.

All known dangers have been mitigated, and training and safety protocols are being regularly reviewed and updated, revised and improved. Our top management has signed the UFC-HSE Policy in order to guarantee that employees withdraw themselves from work conditions that they think might result in harm or ill health.

Workers are provided with internal and external training for Risk Assessment and Internal and External OHS providing access to and disseminating important information on occupational health and safety. All employees and workers are encouraged to participate and consult in the formulation, implementation, and assessment of the occupational health and safety programme during training sessions.

Medical Insurance is offered to all UFC- employees to guarantee that they are completely protected and have access to non-occupational medical and healthcare services, as well as the extent of that access.

In 2022, our total number of work-related hazards stood at a minimal, as 6 incidents were recorded.

Our OHS Approach

Our strategic focus concerning Occupational Health and Safety is attributable to these three key areas:

Establishing a culture of health and safety

Since 2021, our safety culture has been gradually introduced in order to prepare for the ISO 45001:2014 Occupational Health & Safety certification.

Top management support

UFC top mangment is committed to the project, and emphasis on the importance of health and safety through leading by example.

Meeting legislation

We hold a formal OHSMS and understand the importance of health and safety in the workplace. Our employees consider health and safety to be a priority, as any present risks or dangers may result in incidents or accidents. United Foods employees and stakeholders are trained; made aware in terms of objectives, plans, and information to assist good health and safety performance; and consulted throughout the process.

Identify, eliminate, and control workplace hazards

Use of both in-house and external trainers

Unified approach to OHS management

Aim for a 'zero incident workplace'

Standard Operating Procedure for Incidence Response

To excel in OHS management, we have established a Standard Operating Procedure for Incidence Response as part of the UFC Enterprise Risk Procedure (ERP). This guideline describes the investigation procedure for workplace occurrences.

1. Identify hazards and evaluate risks associated with occurrences
2. Determine remedial measures via the control hierarchy
3. Identify system enhancements required for occupational health and safety management

HIERARCHY OF CONTROLS

1. Elimination
2. Substitution
3. Engineering controls
4. Administrative controls
5. Personal protective equipment

Commitments for 2023

We endeavor to continuously improve our OH&S culture and performance at United Foods. That is why we are committed to achieving the following goals:

- Work towards achieving ISO 45001:2018 OH&S Management System certification by 2025
- Update Permit to Work (PTW) system in line with industry best practice
- Implement an online OH&S reporting system that will consolidate information pertaining to all health & safety matters
- Implement an OH&S reward system for recognition of excellence in Health & Safety practices for each department

CIRCULAR ECONOMY

As a leading food producer, we recognise our obligation to reduce our packaging's environmental impact. We are increasing the amount of eco-friendly packaging in all our products. We have also implemented successful energy-saving, water-efficiency, and waste-management practices. We joined the Roundtable on Sustainable Palm Oil to protect biodiversity in our supply chain. We strive towards increased circularity in our operations to minimize our environmental footprint.

- RESPONSIBLE PROCUREMENT
- ENERGY & CARBON MANAGEMENT
- WATER MANAGEMENT
- WASTEWATER MANAGEMENT
- WASTE MANAGEMENT

Our Approach to the Circular Economy

With our dedication to sustainability and being a market leader, we constantly look for initiatives that will reduce our environmental impact, while increasing our sustainability credentials for a brighter future. This year, we have rethought our fundamental framework around the concept of "Circularity," which we employ to address environmental issues in a holistic manner.

With this new shift in perspective, we integrate our environmental management topics under the verticals of sustainable procurement, energy and carbon, water, wastewater and waste.

Our purpose is to develop our sustainability efforts in these areas in accordance with our national leadership's vision of Circular Economy Policy 2021-2030.

> We work diligently to integrate sustainability in our operations from A to Z. This spans from adopting a responsible procurement approach to minimising waste and emissions, and carefully and holistically assessing the long-term effect of our actions on the environment and society.
>
> Iyad Jaber
> Senior Head of Operations

RESPONSIBLE PROCUREMENT

For United Foods, the foundation of supply chain management is open and ethical sourcing, which benefits both our suppliers and our consumers via better data and knowledge. To ensure that our integral trustworthiness and moral standards extend across our supply chain, we require that our vendors engage in procedures that are consistent with the highest environmental and social responsibility standards.

United Foods procures its resources from credible sources, which are defined as those who adhere to international human rights standards, actively work to end child labour, and take responsibility for their actions in relation to the natural ecosystems. We joined the Roundtable on Sustainable Palm Oil (RSPO) because we know how critical it is to protect biodiversity throughout our supply chain. We worked diligently to obtain and verify our compliance with the RSPO's stringent requirements for certification.

In 2020, we were awarded the certification, granting us the expertise needed to supply and distribute responsibly sourced palm oil from suppliers strictly audited against the highest environmental and social sustainability criteria. Currently, our supply of sustainable palm oil stands at 35 metric tonnes monthly.

Commitments for 2023

Our Vendor Management System is currently undergoing an upgrade that will include comprehensive measures in terms of environmental and social responsibility more in-depth. These will guarantee that our vendors meet all our requirements regarding human rights, quality control, and environmental management.

We are also working on a strategy to expand the distribution of our RSPO-certified palm oil.

Materials

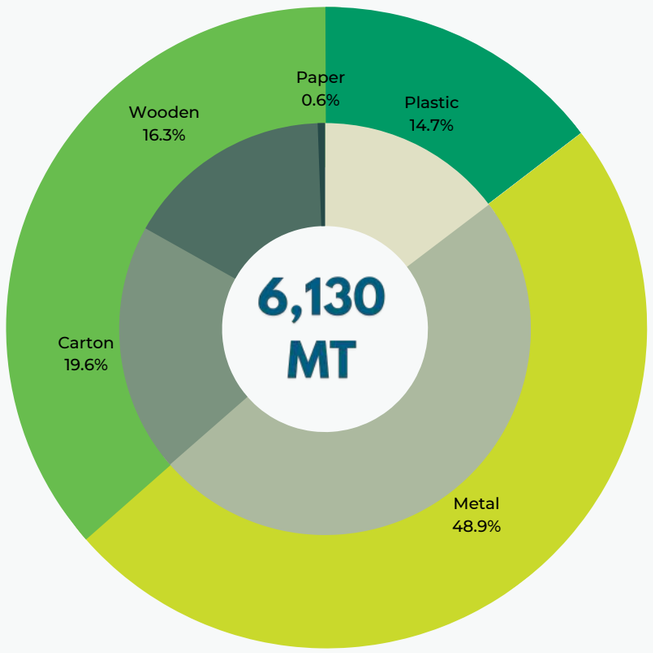
When making procurement decisions, we appreciate the necessity of balancing economic, social, and environmental factors, and we seek to favour materials that are renewable, biodegradable and have a lower environmental impact.

Our procurement team understands the importance of our role in assisting the transition to a more sustainable future and is committed to discovering and employing environmentally friendly resources. We perform extensive study and due diligence to verify that the materials we use are manufactured in ways that minimise environmental impact, preserve natural resources, and decrease waste.

Metal, carton, wood and paper consist the majority of our materials, representing 85.3% of the total. This means that 49% of our packaging materials are recyclable and 36.4% are recyclable and biodegradable.

Plastic consists 14.7% of our packaging materials. In 2022 we introduced our first biodegradable alternative to the market to replace plastic packaging. In 2023, we will be streamlining this option across all our products.

TOTAL PACKAGING MATERIALS USED FOR PRODUCTION (MT)



RECYCLABLE

RECYCLABLE AND BIODEGRADABLE

PARTIALLY RECYCLABLE

Production Intensity

We give great importance to our efficiency measures which ensure that we have an optimal production intensity ratio. In 2022, we marked an intensity ratio of 1.069, which indicates that we use our resources with high efficiency.

PRODUCTION INTENSITY FOR MATERIALS

Total raw materials used for production (MT)	77,000
Total packaging materials used for production (MT)	6,130
Total production (MT)	78,000
Production intensity	1.069

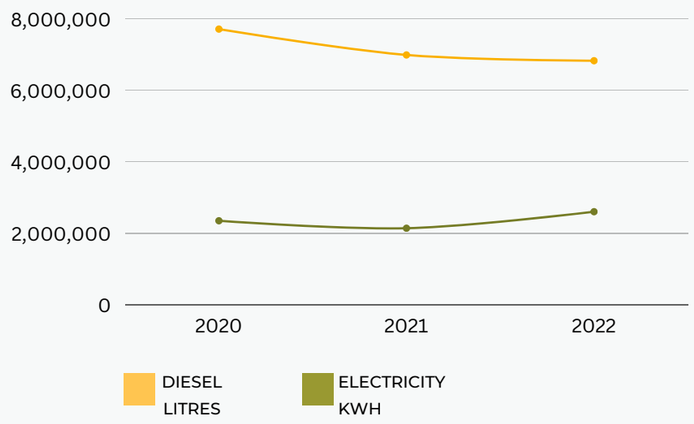
ENERGY & CARBON MANAGEMENT

Our efforts to conserve energy are focused on lowering total consumption via efficiency and innovation as well as expanding the use of infrastructure that is more efficient in using energy.

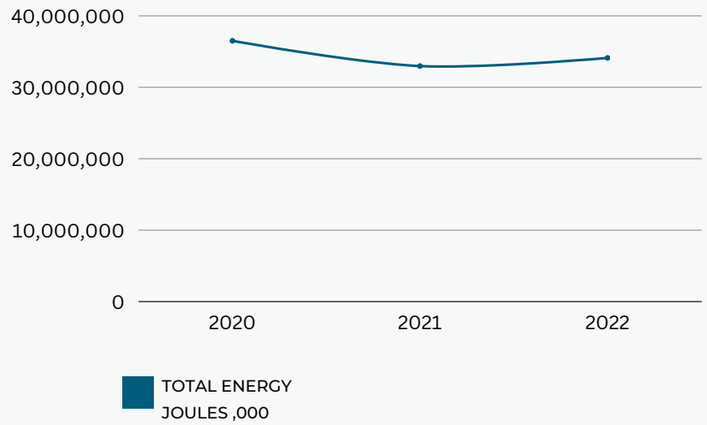
Our energy requirements are addressed via the use of a variety of direct and indirect energy sources, in addition to the consumption of fuel at our production facilities and transportation facilitated by our distribution fleet.

Over the course of the last three years, we have divided our total emissions into two groups: those that are directly attributable to Scope 1 -meaning our direct fuel (diesel) consumption at our facilities and by our fleet- and those that are attributable to Scope 2 - the energy that we purchase in the form of electricity.

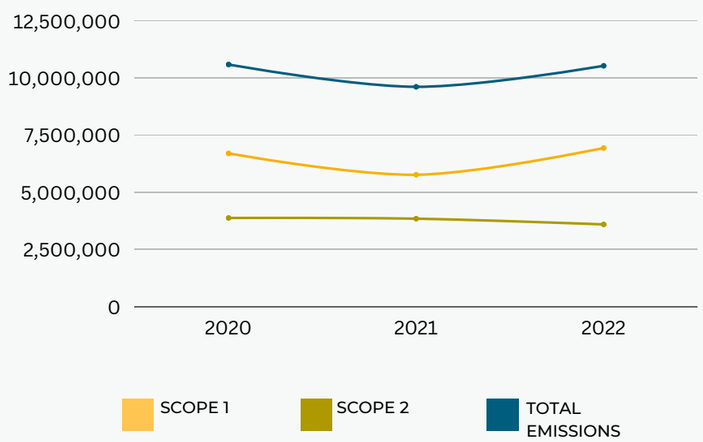
ENERGY CONSUMPTION

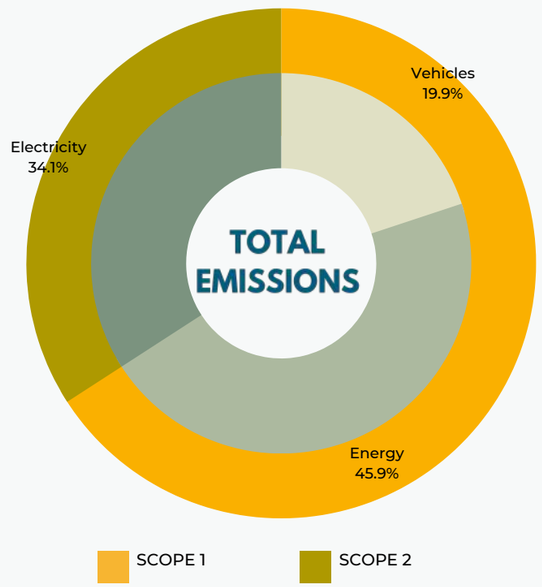


ENERGY CONSUMPTION TOTAL



CARBON EMISSIONS FROM ENERGY CONSUMPTION SCOPE 1 AND 2 (,000 KG CO2E)





Carbon and Energy Intensity

Our energy management approach is constantly developing, and we know that we can achieve higher efficiency throughout our activities. As a result, we are dedicated to significantly decreasing our energy and carbon footprint via a variety of activities indicated in our sustainability framework. These efforts not only help us achieve our aim of being a carbon-neutral company, but they will also contribute to regional energy programmes like the Dubai Clean Energy Strategy.

In our attempt to maximise energy efficiency, we have taken the below steps to manage our diesel consumption:

- Elimination of steam leakages
- Insulation to prevent heat loss
- Condensate recovery systems
- Maintaining boiler combustion efficiency
- Reduction in steam pressure to increase latent heat for the heating system

ENERGY AND CARBON INTENSITY

Emissions intensity from production energy (joules/MT)	0.10
Energy Intensity from production (GJ/Tonne product)	1.1

Only the diesel and electricity used for the production have been considered in the calculations. This excludes solar energy and GHG emissions from wastewater.

Diversifying Our Energy Mix

As part of our commitment to combating climate change and promoting energy sustainability, we built a 2-Megawatt solar power plant at our facility in Jebel Ali, Dubai. We collaborated with Yellow Door Energy, a premier sustainable energy firm that oversaw the design, building, commissioning, and management of United Foods' solar power plant.

The project marked an important milestone in our sustainability journey and our commitment to significantly reducing our carbon emissions. The 2,000 kilowatt-peak rooftop solar plant generated 3.1 million kilowatt-hours of clean energy in 2022, representing 45.5% of our the factory's electricity consumption.

OF THE ELECTRICITY FOR OUR JEBEL ALI PLANT IS GENERATED USING SOLAR PANELS

1,498 TONNES

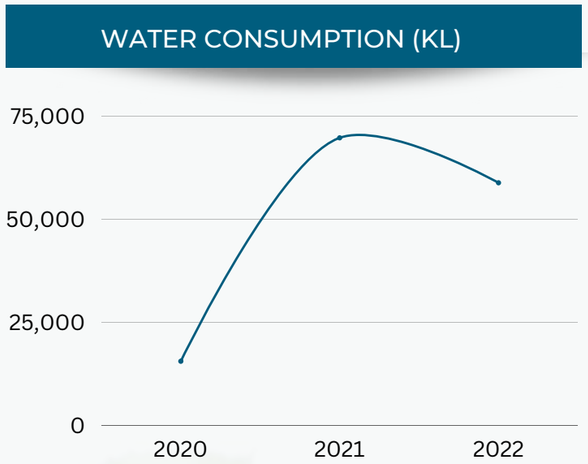
CO2 SAVED USING SOLAR ENERGY

WATER MANAGEMENT

United Foods is acutely aware of the relevance of responsible water consumption as a result of the fact that the majority of its operations are conducted in areas that are water-limited. We are committed to integrating water management best practices and reducing our businesses' overall water use in a way that is environmentally responsible.

We seek to strike a balance between responsible water stewardship and the protection of the quality and safety of our goods, with the end goal of ensuring water security in the future.

Our approach to water conservation is embedded in two main drivers efficient water conservation via new technologies, and ongoing capacity-building efforts.

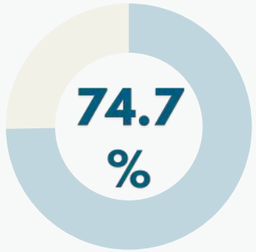


In 2021 we saw a three-fold increase in our water consumption due to increased production capacity and demand. In 2022, we were able to reduce our consumption by 15.6% thanks to water efficiency and recycling measures.

Total water consumed (KL)	58,861.22
Water intensity for production (ML/MT)	0.75

WASTEWATER MANAGEMENT

In 2023, we will be deploying an advanced in-house water recycling technology to downsize our water footprint. This will support our overall efforts of increasing circularity in our operations.



OF OUR WASTEWATER IS RECYCLED AND USED FOR IRRIGATION

Out of the 31,266.545 M3 of wastewater generated in 2022, we were able to recycle 23,361 M3. We used this recycled water for irrigation purposes in our facilities to water our plants.

Outlook for 2023

In 2023, we will be deploying an advanced in-house water recycling technology to downsize our water footprint. This will support our overall efforts of increasing circularity in our operations.

WASTE MANAGEMENT

An integral part of our 'circular economy' approach is our waste management approach. This year, we focused not only on reducing our waste footprint at our facilities, but also took numerous initiatives to recycle, upcycle, and repurpose waste.

We have integrated the creation of environmentally friendly waste management as a core agenda in our operations. These included our initiatives concerning reducing food waste and recycling our plastic bottles into staff uniforms.

We stepped up with waste management measures with the holistic purpose of reducing the landfill burden caused by industrial waste. The industry generates various waste products in operation and processes.

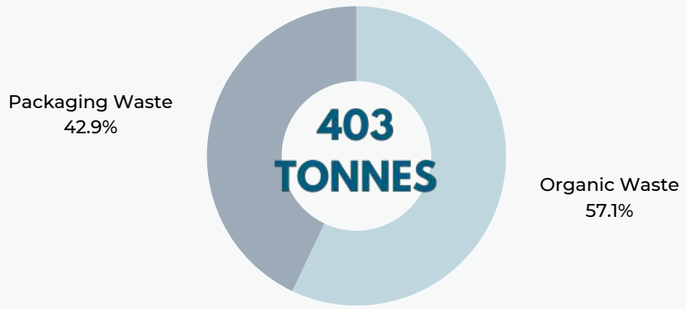
While it may not be practical to expect a zero-waste-generating industrial environment, however, adopting an efficient waste management system is the most rational approach to mitigate the challenge in a sustainable manner. Reducing solid waste is reducing the amount of waste that goes to landfill, accordingly reducing GHG emissions and pollution from the same.

Combatting Food Waste and Loss

In 2022, we minimized waste generation by recycling all expired, damaged, or returned food from markets. This enabled us to save 23 tonnes of food, in addition to the 22 tonnes from 2021.

We are aware that the majority of our waste stems from organic waste and we are working diligently to minimize the same. In 2022, we were able to reach a state of 'near-zero' in terms of the food loss accounting in our production process. This is a world-class efficiency success, as we pioneer excellence in production.

SOURCES OF WASTE



45.5 TONNES
AMOUNT OF FOOD WASTE RECYLED SINCE 2021

United Foods' quality and innovation efforts featured in CSR AlYoum for its cutting edge waste reduction efforts

Commitments for 2023

Building on our experience, our objective for next year is to minimise food waste to fewer than 20 tonnes per year, while also continuing our efforts of sustainability solutions to packaging waste. We routinely assess our operations to see where we can save costs, learn more about our waste footprint, and establish long-term goals that will bring us to a waste-free world.

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
GRI 2: General Disclosures 2021	2-1 Organizational details	8		E8 S1 S4 S5 G2 G3 G4 G5 G6 G10
	2-2 Entities included in the organization's sustainability reporting	4		
	2-3 Reporting period, frequency and contact point			
	2-4 Restatements of information	18		
	2-5 External assurance	NA		
	2-6 Activities, value chain and other business relationships	15, 21		
	2-7 Employees	37-39		
	2-8 Workers who are not employees	NA		
	2-9 Governance structure and composition	25		
	2-10 Nomination and selection of the highest governance body			
	2-11 Chair of the highest governance body			
	2-12 Role of the highest governance body in overseeing the management of impacts	17		
	2-13 Delegation of responsibility for managing impacts			
	2-14 Role of the highest governance body in sustainability reporting			
	2-15 Conflicts of interest			
	2-16 Communication of critical concerns			
	2-17 Collective knowledge of the highest governance body			
	2-18 Evaluation of the performance of the highest governance body			
	2-19 Remuneration policies	38		
	2-20 Process to determine remuneration			
	2-21 Annual total compensation ratio	39		
	2-22 Statement on sustainable development strategy	14		
	2-23 Policy commitments			
	2-24 Embedding policy commitments			
	2-25 Processes to remediate negative impacts			
	2-26 Mechanisms for seeking advice and raising concerns			
	2-27 Compliance with laws and regulations	26		
	2-28 Membership associations	26, 32		
	2-29 Approach to stakeholder engagement	17		
	2-30 Collective bargaining agreements		Omitted - Collective bargaining is not allowed within the UAE laws	

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Material Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18		
	3-2 List of material topics			
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	22		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed			
	201-2 Financial implications and other risks and opportunities due to climate change	44-48,50		
	201-3 Defined benefit plan obligations and other retirement plans	38		
	201-4 Financial assistance received from government	NA		
Market presence				
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 38		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NA		
	202-2 Proportion of senior management hired from the local community	NA		
Indirect economic impacts				
GRI 3: Material Topics 2021	3-3 Management of material topics	21-22, 38		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	NA		
	203-2 Significant indirect economic impacts	21-22, 38		
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	45		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	NA		
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	24-25		G6
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption			
	205-2 Communication and training about anti-corruption policies and procedures			
	205-3 Confirmed incidents of corruption and actions taken			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Anti-competitive behavior				
GRI 3: Material Topics 2021	3-3 Management of material topics	17		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			
Tax				
GRI 3: Material Topics 2021	3-3 Management of material topics	23		
GRI 207: Tax 2019	207-1 Approach to tax			
	207-2 Tax governance, control, and risk management			
	207-3 Stakeholder engagement and management of concerns related to tax			
	207-4 Country-by-country reporting	NA		
Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	46		
GRI 301: Materials 2016	301-1 Materials used by weight or volume			
	301-2 Recycled input materials used			
	301-3 Reclaimed products and their packaging materials			
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	48		E3 E4 E5
GRI 302: Energy 2016	302-1 Energy consumption within the organization			
	302-2 Energy consumption outside of the organization			
	302-3 Energy intensity			
	302-4 Reduction of energy consumption			
	302-5 Reductions in energy requirements of products and services			
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	49		E6
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource			
	303-2 Management of water discharge-related impacts			
	303-3 Water withdrawal			
	303-4 Water discharge			
	303-5 Water consumption			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Emissions				
GRI 305: Emissions 2016	3-3 Management of material topics	47		E1 E2
	305-1 Direct (Scope 1) GHG emissions			
	305-2 Energy indirect (Scope 2) GHG emissions			
	305-3 Other indirect (Scope 3) GHG emissions			
	305-4 GHG emissions intensity			
	305-5 Reduction of GHG emissions			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	NA		
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	50		E7
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts			
	306-2 Management of significant waste-related impacts			
	306-3 Waste generated			
	306-4 Waste diverted from disposal			
	306-5 Waste directed to disposal			
Supplier environmental assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	45		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			
	308-2 Negative environmental impacts in the supply chain and actions taken			
Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	37-39		S3
GRI 401: Employment 2016	401-1 New employee hires and employee turnover			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			
	401-3 Parental leave			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Labor/management relations				
GRI 3: Material Topics 2021	3-3 Management of material topics	41		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	NA		
Occupational health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42		S7
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system			
	403-2 Hazard identification, risk assessment, and incident investigation			
	403-3 Occupational health services			
	403-4 Worker participation, consultation, and communication on occupational health and safety			
	403-6 Promotion of worker health			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
	403-8 Workers covered by an occupational health and safety management system			
	403-9 Work-related injuries			
Training and education				
GRI 3: Material Topics 2021	3-3 Management of material topics	40		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee			
	404-2 Programs for upgrading employee skills and transition assistance programs			
	404-3 Percentage of employees receiving regular performance and career development reviews	39		
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 39		S2 S4 S6 S11 G1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees			
	405-2 Ratio of basic salary and remuneration of women to men			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	39		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			
Freedom of association and collective bargaining				
GRI 3: Material Topics 2021	3-3 Management of material topics		Omitted - Collective bargaining is not allowed within the UAE laws	G4
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			
Child labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	45		S9
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor			
Forced or compulsory labor				
GRI 3: Material Topics 2021	3-3 Management of material topics	NA		S9
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures			
Local communities				
GRI 3: Material Topics 2021	3-3 Management of material topics	21-22, 35, 38		S12
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs			
	413-2 Operations with significant actual and potential negative impacts on local communities			
Supplier social assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	45		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria			
	414-2 Negative social impacts in the supply chain and actions taken			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION	DFM ESG Guidelines Reference
Customer health and safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	30-32		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services			
Marketing and labeling				
GRI 3: Material Topics 2021	3-3 Management of material topics	33-34		
GRI 417: Marketing and Labeling 2016				
	417-2 Incidents of non-compliance concerning product and service information and labeling			
	417-3 Incidents of non-compliance concerning marketing communications			
Customer privacy				
GRI 3: Material Topics 2021	3-3 Management of material topics	27		G7
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	NA		
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	45		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NA		
	304-2 Significant impacts of activities, products and services on biodiversity	45		
	304-3 Habitats protected or restored			
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	NA		

Topics in the applicable GRI Sector Standards determined as not material
Indigenous Peoples
Public policy

United Foods Company (PJSC)

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United Arab Emirates

www.unitedfoods.ae

United Food Company PJSC

Registration number in Securities and Commodities Authority: 105

Registration number in Dubai Financial Market: 45

Annual Corporate Governance Report

For the year ended December 31, 2022

In compliance with the ministerial decision and the chairman of the Authority's board of directors' decision No. (03 / R.M) for the year 2020 regarding the adoption of the Public Joint Stock Companies Corporate Governance Guide, regarding corporate governance practices.

Overview of United Foods Company (UFC)

UFC's Future Vision and Mission

First: Company Governance Practices

Disclosure and Communication Strategy

Second: Transactions of the Board of Directors in Securities

Third: Formation of Board of Directors and Expertise and Qualifications of Board Members

Fourth: External Auditor

Fifth: Audit Committee

Sixth: Nomination and Remuneration Committee

Seventh: Supervisory Committee for Persons Seeking Transactions

Eighth: Internal Control System

Ninth: Details of Violations Committed in 2022

Tenth: Sustainable Development and Corporate Social Responsibility Undertaken by the Company in 2022

Eleventh: General Information

Disclosure and Communication Policy with Shareholders.

United Foods Company (UFC) is a public joint stock company that was established on November 1, 1976, under a decree issued by the ruler of Dubai. The company's status was amended on June 27, 1994, to become a public joint stock company in compliance with the Federal Law of the United Arab Emirates No. 8 of 1984 (and its amendments annulled by Law No. 32 of 2021). The company listed its shares on the Dubai Financial Market in July 2006. Its main activities involve the manufacturing, production, and marketing of vegetable oils, cooking oils, vegetable butter, butter products, animal fat, and fats manufacturing.

The company's vision is to be a leading industrial and commercial company in the field of high-quality food products by expanding into new markets and increasing its presence in the local and international markets through innovation, development, and continuous communication with customers. UFC is committed to producing high-quality vegetable oils and products to achieve full customer satisfaction at reasonable prices. The company continually seeks to improve its quality management system by providing continuous training to its employees, intensive development of its operations, and improving the efficiency of its machines and equipment. UFC considers its employees, customers, and suppliers as partners in the progress achieved by the company.

UFC has certifications in HACCP number DBA/4496/13 for food safety and quality, ISO 22000:2005, as well as Halal certification number H-01016/GHC issued by the Gulf Halal Center on June 6, 2015, which demonstrates the company's commitment to quality, health, safety, environmental preservation, and adherence to Islamic dietary laws. UFC's address is P.O. Box 5836, Dubai, United Arab Emirates, and its telephone number is +971-4-5063802, and its fax number is +971-4-1987 4338. The company's website is www.unitedfoods.ae.

First: A statement on the measures taken to complete the corporate governance system of United Foods Company (PJSC) by the end of 2022, and the company's governance practices:

United Foods Company (PJSC), referred to hereafter as "the Company", as a listed company in the Dubai Financial Market, is committed to the highest standards of corporate discipline. Its values are derived from an integrated system of ethics, professional integrity, and best practices. Transparency, fairness, disclosure, and accountability are the foundation of the Company's operations and board of directors. In fact, the Company's commitment to good governance practices is a model to be emulated and may even precede laws and decisions issued by the Securities and Commodities Authority. Currently, United Foods Company follows the governance practices outlined in the Chairman of the Authority's Board of Directors' decision No. 03/R.M for 2020 regarding the adoption of the Public Joint Stock Companies Governance Guide.

United Foods Company is committed to implementing best governance practices, realizing its responsibility to its shareholders by having an effective management capable of providing shareholders with what they need in the short and long term in a framework of supervision and transparency. The Company is committed to implementing all provisions of the Securities and Commodities Authority's decision No. 3 for 2020 regarding governance controls and institutional discipline standards and their amendments. This report illustrates how the executive management and board of directors apply governance controls and comply with the continuous implementation of these controls in the coming years.

Disclosure and Communication Strategy:

The Company follows a clear policy for conveying information related to its activities and business operations to all its shareholders and relevant parties and adopts a communicative disclosure policy that aligns with the disclosure requirements and governance controls, and institutional discipline standards, as per the Chairman of the Authority's Board of Directors' decision No. 3 for 2000 on the disclosure system. The Company holds an annual general meeting attended by the chairman and members of the board of directors, representatives of official authorities and auditors, executive management, and shareholders. The Company's Investor Relations department works to establish a constructive relationship with shareholders and stakeholders, including timely disclosure of material information, with the objective of providing a clear and accurate picture of the Company's financial and operational performance.

Second: Statement of ownership and transactions of members of the Board of Directors, their spouses, and their children in the company's stocks during the year 2022, according to the following table and the certificates provided by the broker and the updated shareholder register of the company:

1 Ali Hameed Ali Abdullah Al-owais	Chairman of the Board of Directors	829 share
2 Mohammed Salem Rashid Abdullah Al-owais	Vice Chairman of the Board of Directors	50 share
3 Mohammed Abdulaziz Ali Abdullah Al-owais	Executive Vice chairman	518,852 share
4 Ahmed Abdullah Sultan Abdullah Al-owais	Board Member	- - - -
5 Mohammed Ali Nasser Abdullah Al-owais	Board Member	- - - -
6 Abdullah Sultan Imran Salem Al-owais	Board Member	- - - -
7 Abdullah Mohammed Rashid Al Hareez	Board Member	- - - -
8 Hashem Salem Hashem Salem Al-Dash	Board Member	- - - -
9 Ahmed Ali Ahmed Salem Al-owais	Board Member	- - - -

Company's Conflict of Interest Policy and Disclosure:

United Foods continued to publish all informative information related to its conditions and activities, ensuring the safety of transactions and reassurance of investors when requested to do so. The company has adopted a policy of disclosure and communication with shareholders, with each member of the board disclosing their ownership of the company's shares and positions held to the Securities and Commodities Authority at the beginning of each calendar year. The board also ensured that the financial market and official bodies are informed of any information that may affect the prices of those securities when it is available to shareholders.

The members of the company's board of directors and executive management have dedicated their efforts to providing communication channels that allow shareholders to communicate with them not only through general assemblies but also through the company's open-

door policy. The company receives its shareholders and responds to their inquiries at any time throughout the year, in addition to the board of directors and employees' commitment during their duties to disclose any related interests and transactions, and to have full knowledge and accurate understanding of all applicable laws, rules, and regulations so that they can comply with them in all circumstances.

Any transactions, benefits, cash or non-cash advantages, and any compensation paid by the company should be in line with the Conflict-of-Interest Policy. Therefore, employees must carry out their duties by applying the principles of integrity, honesty, and adherence to professional standards.

Investments by board members and employees:

Board members and employees have the right to invest in the company's shares under specified special conditions, where they must notify the company's secretary of their investment in the company's shares and obtain the necessary approvals from the company's secretary and the Securities and Commodities Authority, according to the regulations and procedures adopted in trading at the Dubai Financial Market.

Advantages and Grants: Employees are not entitled to receive any advantages or grants from other parties in addition to those provided by the company, in order to prevent any impact on the independence and objectivity of the employees.

Members of the board of directors should immediately inform the company secretary if there are any personal financial interests related to the company's affairs. In this context, any personal financial interest is represented by any financial transaction with any party related to the company that exceeds AED 1.5 million or 5% of the company's capital, whichever is less.

Members of the board of directors should refrain from attending board meetings where any personal interest related to them is discussed unless the other members of the board of directors vote otherwise.

If any of the major shareholders or members of the board of directors have a conflict of interest in any matter that may affect the value and size of the investment in the company's shares, the board of directors must hold a meeting and issue a decision on it in the presence of all its members except for the relevant shareholders/members of the board of directors.

In exceptional cases, such matters can be settled through a special committee formed for this purpose if it exists.

Compliance with the Conflict-of-Interest Policy in:2022

The Board of Directors hereby declares that each member of the Board has complied with disclosure requirements in accordance with laws and regulations issued by the Ministry of Economy, Securities and Commodities Authority, and Dubai Financial Market. There is no indication of any non-compliance by any member of the Board.

Thirdly: Formation of the Board of Directors, designations of members, experience and Qualifications Independent Executive Membership and Duration.

1 **Mr. Ali Hameed Al Owais Member**

(Chairman) Bachelor's degree in Electronic Commerce & Bachelor's degree in Business Administration +14 years of financial, accounting and company management experience 16+ membership, non-independent.

Vice Chairman of the Dubai Refreshments Company& Board member of Emirates Islamic Bank and ENBD Bank.

2 **Mr. Mohammed Saleh Rashid Al Owais Member**

(Vice Chairman) Diploma in Islamic Banking +13 years of experience in company management and restructuring 12+ membership, nondependent.

3 **Mr. Mohammed Abdulaziz Al Owais Member** (Executive Vice Chairman) Bachelor's degree in Telecommunications Engineering, Accredited Financial Analyst +14 years of financial and administrative experience, 11+ membership, non-independent.

Board Member of Emirates refreshment Company

4 **Mr. Abdullah Mohammed Rashid Al Harizi,** Board Member, Bachelor's degree in accounting, specialized in business and company management with 17+ years of experience, independent, 3+ membership.

Board Member of Emirates refreshment Company and Dubai Insurance Company.

5 **Mr. Ahmed Abdullah Sultan Abdullah Al Owais** Member High Diploma in Financial Services, Master's degree in Business Administration in General Management +10 years of accounting and business development experience, independent, 8+ membership.

6 **Mr. Abdullah Sultan Imran Salem Al Owais** Bachelor's degree in Mechanical Engineering, Master's degree in Engineering Systems Management from the American University with 4+ years of experience, independent 1-, membership.

7 **Mr. Mohammed Ali Nasser Abdullah Al Owais,** Member, Bachelor's degree in Computer Science and Information +17 years of experience in business and commercial company management, independent, membership 2+ .

8 **Mr. Ahmed Ali Ahmed Salem Al Owais,** Member, Bachelor's degree in Computer Network and Information Science +7 years of experience in business and commercial company management, independent, membership 1+.

9 **Mr. Hashem Salem Hashem Salem Al Dash,** Member, Bachelor's degree in Engineering, Master's degree in Public and Financial Administration, PhD in Financial Constraints Prediction in Companies 11+ years of experience in management, company establishment, and finance. Independent, membership 1+.

Note that there is currently no female representation in the Board of Directors of the company, as no votes were cast during the General Assembly for any of the female candidates for this position, despite taking all necessary measures and recommending the shareholders to review the resumes of the female candidates for membership in the Board of Directors.

C - **Method for determining the compensation of Board of Directors members:**

In accordance with the provisions of the Companies Law, the compensation of Board of Directors members consists of a percentage of the net profit as stipulated in the company's bylaws. Additionally, the company may pay additional expenses, fees, or monthly salaries as determined by the Board of Directors to any member who serves on a committee, makes special efforts, or performs additional work beyond their regular duties as a member of the company's Board of Directors. In all cases, the compensation of Board of Directors members must not exceed 10% of the net profit after deducting depreciation and reserves.

- ✓ At the Annual General Meeting held on April 11, 2022, it was approved to grant the Board of Directors members a remuneration of AED 725,000 in return for the net profit achieved for the year 2021, which was distributed on June 13, 2022.
- ✓ In addition, the proposed remuneration for the year 2022 is AED 1,592,100, which will be presented to the shareholders for approval at the upcoming Annual General Meeting.

Furthermore, no allowances were granted to the members for attending Board of Directors meetings. The details of attendance allowances for the committees emanating from the Board of Directors, which were received by the elected Board of Directors members for the fiscal year 2022, are attached below according to the following table.

1.	Mr. Abdullah Mohammed Rashid Al Huraiz	Audit Committee Total 20,000 AED	4 meeting.
2.	Mr. Ahmed Abdullah Sultan Al Owais	Audit Committee Total 20,000 AED	4 meeting.
3.	Mr. Mohammed Salem Rashid Al Owais	Audit Committee Total 20,000 AED	4 meeting
4.	Mr. Salem Sultan Omran Salem Al Owais	REMCO Committee Total 10,000 AED	2Meeting
5.	Mr. Ali Hamid Ali Al Owais	Invest Committee, a total of 10,000 AED	2 meeting.
6.	Mr. Mohammed Abdulaziz Ali Al Owais	Investment Committee Total 5,000 AED	1 meeting
7.	Dr. Hashim Salem Hashim Al Dash	REMCO Committee Total 10,000 AED	2 meeting
8.	Mr. Ahmed Ali Salem Al Owais	REMCO Committee Total 10,000 AED	2 meeting
9.	Mr. Muhammad Ali Nasser Al Owais	REMCO Committee Total 5000 AED	1 meeting

- The total setting fees for the members of the Audit, Nomination, and Remuneration Committee and the Investment Committee, during the year 2022, amounted to AED 105,000.

H- **Tasks and responsibilities delegated by the Board of Directors to the executive management:**

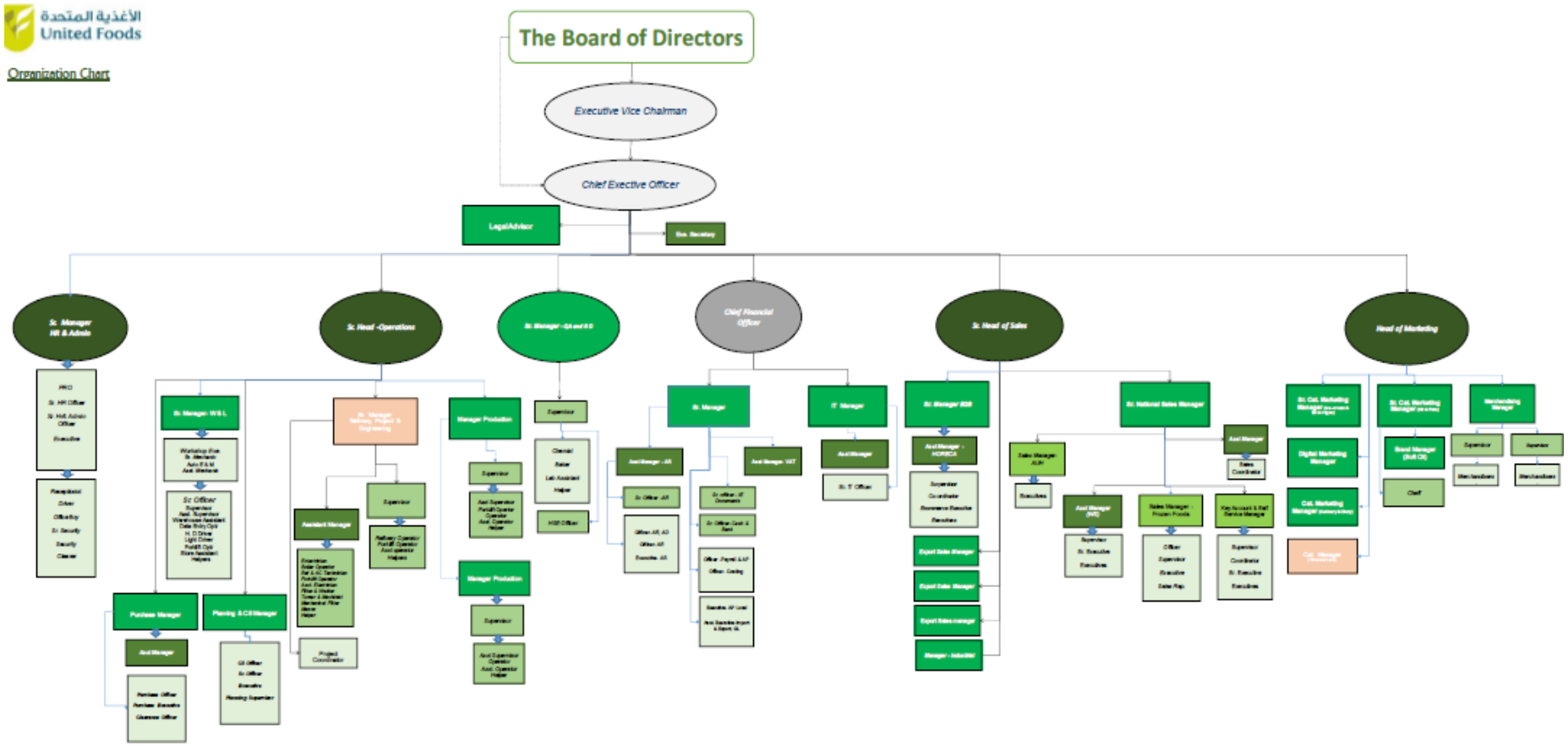
During the year 2022, there were no exceptional tasks delegated by the Board of Directors to the executive management of the company or any of its members.

W- **Related Party Transactions:**

As part of its ordinary business activities, the company executes commercial transactions with other companies that fall within the scope of the definition of related parties as outlined in International Accounting Standard No. 24. These transactions with related parties are executed at prices agreed upon between the parties involved and according to the fair market value prevailing in the markets. Below are the details of significant transactions that were executed with related parties during the year 2022 and are expected to increase by 10% in 2023:

Sales to related party Modern Bakery LLC is AED 2,167,155/- for supplies of oils and Ghee in accordance with prevailing local market prices.

G - Details of the management and organizational structure of the company: -



Management Position Date of Joining Total salaries and allowances paid During/ for 2022.

Title			total salary	2021bouns	2022
					Subject to approval
EVC	DOJ	01/03/2012	1,440,000	---	---
CEO:	DOJ	04/15/2012	1,767,504	541,600	541,600
CFO& HOIT	DOJ	11/21/2022	86,666	---	---
CFO& HOIT	DOJ	05/30/2021	753,900	41,180	77,174
		Till 12/18/2022			
HOSC	DOJ	01/08/2017	576,000	41,920	43,200
Production	DOJ	03/10/2021	240,000	8,778	14,850
Head of Sales	DOJ	01/09/2020	600,000	39,854	45,000
Head of Marketing	DOJ	01/06/2017	553,500	36,400	41,512
Sales and Marketing	DOJ	07/06/2015	390,600	16,011	24,167
Ice Cream					
Financial Manager	DOJ	06/26/2014	341,728	14,436	21,231
Senior HR manager	DOJ	01/12/2015	418,188	14,723	26,392

Fourth: **External Auditor:**

A- **<u>Overview of Ernst & Young External Audit Company:</u>**

Ernst & Young is one of the largest professional firms in the world and a leading company in insurance, transactions, taxes, and consulting services. It is one of the Big Four companies, along with PricewaterhouseCoopers, Deloitte Touche Tohmatsu, and KPMG.

Ernst & Young is a global organization consisting of a group of member firms, with its global headquarters in London, UK. Ernst & Young employs more than 160,000 people spread across over 140 countries.

Ernst & Young has offices in Abu Dhabi and Dubai, with its Dubai office comprising 565 experienced and qualified professionals and 12 resident partners. Their client base includes multinational companies, government organizations, major private commercial companies, real estate companies, telecommunications, financial services, and others.

The name of the audit firm:	Ernst & Young
Number of years spent as an external auditor of the company:	2
Total audit fees for the financial statements for the year 2022:	(AED) 245,000
The name of the partner auditor for the year 2022:	Ashraf Abu Sharkh
Fees and costs of other special services other than auditing the financial statements for the year 2022 and any other fees that are mentioned explicitly.	None

Details and nature of the other provided services (if any), and in the absence of other services, this is expressly mentioned.

A statement of other services provided by an external auditor other than the company's auditor during 2022

MBC consultancies 90,250

<u>The Fees of the External Auditors for the Year 2022</u>: During the General Assembly meeting of the company on 11/04/2022, the General Assembly approved the appointment of Ernst & Young to perform the external auditing of the company and set their fees at AED 245,000 for the year 2022. Ernst & Young has served as an external auditor for the company for two years since their appointment in 2021.

The tasks performed by the external auditors include:

Expressing an opinion on the financial statements based on the audit work carried out in accordance with international auditing standards.

Obtaining reasonable assurance that the financial statements are free from material misstatement.

Evaluating the adequacy of the accounting policies adopted and the reasonableness of the accounting estimates made.

Obtaining sufficient audit evidence to support their opinion on the audit review.

No reservations were included by the company's auditors in the financial statements for the year 2022.

Other details and services provided by the external auditors (No other services were provided):

- MBG Consultancies, a member of the MBG Consultancies Group, one of the largest accounting and internal auditing networks in the world with offices in several countries, including its subsidiaries, was appointed as an internal auditor and received an annual professional fee of AED 90,250 during the year 2022.

In the periodic report review by the board of directors, no material reservations were found during the year 2022.

Fifth: Audit Committee

A- The Audit Committee is composed of the following members:

1 Mr. Abdullah Muhammad Huraiz Chairman

2 Mr. Mohammed Salem Rashid Al Owais Member

3 Mr. Ahmed Abdullah Sultan Al Owais Member

B- **Audit Committee meetings:**

Four meetings of the Audit Committee were held from January 1, 2022, to December 31, 2022, on the following dates: -

Audit Committee Tasks:

1. Adopting a policy for dealing with the external auditor and informing/recommending to the Board of Directors any issues that require action by the Board.
2. The Audit Committee meets with the external auditor after the completion of the audit to prepare for the annual general meeting, where the committee submits a report to the Board of Directors identifying any issues that require action (if any), along with recommendations.
3. Overseeing the independence of the external auditor and discussing with them the nature, scope, and effectiveness of the audit in accordance with accepted auditing standards.
4. The committee meets quarterly and annually to ensure the accuracy and review of financial data (as part of its usual work during the year and independently of the Board of Directors) before announcing it to the market. Based on this, the committee submits a report to the Board of Directors with recommendations (if any). In the event that the Audit Committee is unable to meet and review the financial data before it is announced to the financial market, the committee will review it later.
5. Coordinating with the Board of Directors, executive management, the CFO, and external auditors to meet at least once a year to discuss important and unusual issues that should be reported in financial statements, and dealing with matters raised by the CFO, compliance officer, or external auditors.
6. Reviewing financial controls, internal audit, and risk management systems in the company, discussing internal audit systems with executive management, and ensuring their effectiveness.
7. Reviewing the results of major investigations into internal control issues commissioned by the Board of Directors, or initiated by the Committee with the approval of the Board.
8. Reviewing the company's financial and accounting policies and procedures, reviewing the external auditor's message, action plan, and any substantive questions they may ask management regarding accounting records, financial statements, or control systems, and responding to and obtaining management approval.

9. Develop a specific policy for confidential reports submitted by employees. The policy should relate to financial misconduct, internal control issues, and any other important issues for the company. In addition, ensure the implementation of proper procedures that allow for independent and fair reporting. This can be achieved through the following steps for developing a policy for confidential reports submitted by employees:

A. Define confidential reports: The company should specify the scope of confidential reports and identify financial misconduct, internal control issues, and any other important issues for the company that can be reported.

B. Clarify reporting procedures: The company should establish clear and proper procedures that allow employees to report any violations in a confidential, independent, and fair manner. This can be done by creating a simple form containing the necessary information for reporting, and providing secure and reliable means of communication.

C. Protect the identity of reporters: The company should protect the identity of reporters and ensure that they will not be harmed or exposed due to reporting violations.

D. Ensure confidentiality: The company should protect confidential reports and ensure that they are not accessed by any unauthorized person.

E. Provide training and awareness: The company should provide training and awareness to employees regarding the policy and procedures, emphasize the importance of reporting violations, and ensure their awareness of their legal and ethical obligations.

Sixthly: Nominations and Remuneration Committee:

The Nominations and Remuneration Committee is formed as a committee under the Board of Directors of the company. The Board of Directors may amend the committee charter at any time to assist the Board of Directors in fulfilling its supervisory responsibilities regarding the independence of Board members and the control and safety of human resources operations in United Foods Company. The committee members are elected by the Board of Directors to serve for a period of three years until their successors are elected and qualified, or until their resignation or removal. The appointment of committee members must be voted on during the first meeting of the newly convened Board of Directors. Members may be re-elected for an unlimited number of subsequent terms.

A. Names of Nominations and Remuneration Committee Members and designations:

The Committee is comprised of the following gentlemen:

1 Mr. Hashim Salem Hashem Salem Al Dash	Chairman
2 Mr. Abdullah Omran Salem Al Owais	Member
3 Mr. Ahmed Ali Ahmed Al Owais	Member

Meetings of the Nominations and Remunerations Committee: Two meetings of the Nominations and Remunerations Committee were held during the year from January 1, 2022 AD to December 31, 2022 AD, as follows:

Nomination and Remunirations Committee Tasks:

The committee is responsible for the following tasks in accordance with the institutional discipline criteria and the regulations of the governance of public shareholding companies:

A. Identifying the company's needs for essential competencies at the executive management and employee levels, and determining the policies for recruitment, deduction, and termination of service for senior management employees.
B. Monitoring and evaluating the components of human resources and training plans.
C. Ensuring that independent members maintain their independence at all times.
D. Developing policies for rewards, incentives, benefits, and salaries granted to senior executive management and reviewing them.
E. Verifying that the rewards and benefits granted to senior executive management of the company are reasonable and commensurate with the company's performance.
F. Organizing and monitoring the procedures for nominating membership of the board of directors.
G. Making decisions in accordance with the duties and responsibilities specified in this charter.
H. Obtaining all necessary information through the human resources manager and/or the board secretary.
I. Obtaining external legal or professional consultations and ensuring the attendance of any person considered to have the necessary expertise, knowledge, or awareness.

Seventhly: Monitoring and Supervising Committee for insiders' Transactions and Registry: -

Under the decision of the Board of Directors, reference number UFC/BMM/04/27/08/2017 held on August 27, 2017, the approval was granted to create a register of insiders at the United Food Company, and to form a committee to monitor and supervise their transactions,

headed by the company's legal consultant, and including Mr. Alaa Amawi, Senior Human resource manager at the company, and Mr. Asker Ali. The committee's responsibilities include:

1. Developing written rules regarding the dealings of the members of the company's board of directors and its employees in securities issued by the company, the parent company, its subsidiaries, or its affiliates.
2. Preparing a special and integrated register of all informed persons, including those who can be considered informed persons temporarily and those who are entitled to or have access to confidential information.

Summary of the Committee's Business Report during the year 2022:

1. The Committee held internal sessions with its board of directors and employees to clarify its role and responsibilities.
2. The Committee monitored the trading process of securities issued by the company and noted that the last trading operation took place on 08/11/2022.
3. The Committee reviewed the updated records of shareholders to ensure that its board of directors and employees comply with its rules.
4. The Committee disclosed directly to the Dubai Financial Market a list of the names of those who have access and the investor number of each registered individual and updated it.

Internal Control System

A- **Board of Directors' approval**: As per this report, the Board of Directors acknowledges its responsibility for the company's internal control system by applying the mandatory governance controls and institutional discipline standards.

B- **Internal Control committee**: The internal control system has been adopted in accordance with the requirements of the Securities and Commodities Authority Resolution No. 3 of 2020 regarding the adoption of the guide to the governance of public joint-stock companies. The executive management plays a crucial and effective role in implementing the internal control system.

The internal control management depends on evaluating the risks for the company's operations and clients and coordinating the internal audit work plan in its annual plan.

The internal control management and the internal auditor, on behalf of the Board of Directors, regularly monitor the company's internal control environment. The committee follows up on the internal auditors' recommendations and notes to review the proposed reports and recommendations and the management's comments on them.

The committee and its representatives meet with the internal auditors to review the audit results and address the Board of Directors, if necessary.

C- Currently, Mr. Siva Prasad, who holds CMA degree and has twenty-four years of experience in accounting, cost accounting, budgeting, and management information systems, serves as senior manager. He was appointed on June 26th, 2014, and worked as a financial controller for several global companies in India and the UAE, such as IFFCO and Al Aujan Industries. Ms. Safna also worked as an employee in the department.

Procedures taken concerning investor relations controls include the following:

Compliance Officer's Information

Mr. Mohamed Mohamed Shawky was appointed as the Compliance Officer and Investor Relations Manager on April 14th, 2013. He has a degree in law, works as a legal researcher and consultant for many companies and institutions with 17 years' experience in UAE and GCC applicable laws.

A direct communication channels with email and a specific section have been designated for investors on the company:

a. All disclosed financial data for the company on relevant websites.

b. The availability of governance policies and procedures.

c. Channels of direct communication with the company and its representatives to meet all inquiries of investors and shareholders as follows: -

Responsible: Mohamed Mohamed Shawky

Office: +971 (4) 3382688

Fax: +971 (4) 3381987 Direct: +971 (4)5063805 Email ID: investor.relations@unitedfoods.ae

The objectives of internal control management are as follows:

- To submit reports to the company's management and audit committee (wherever required)
- To respond to all auditors' inquiries and consider their recommendations, ensuring their implementation if applicable.
- To inform the company's management of any violations of regulations that may affect the company or any violations of securities and commodities laws and regulations.

Risk management, compliance, and internal audit:

A. To report on the objectives and key principles of the risk management system within the company
B. To assign responsibilities to all employees regarding the management of risks related to their work scope.
C. To ensure the effectiveness of the established systems in accordance with policies, procedures, laws, and regulations that may have a significant impact on the company's operations, as well as to determine the extent of the company's compliance with the applicable laws and regulations.
D. To develop a compliance plan for conducting periodic reviews of compliance with applicable laws and regulations
E. To ensure the company's compliance with the laws and regulations issued by the Securities and Commodities Authority and the Dubai Financial Market
F. To ensure the company's compliance with anti-money laundering procedures and the application of Central Bank laws (where appropriate)
G. To review correspondence between the company and the Dubai Financial Market, Securities and Commodities Authority, and the Central Bank.
H. The committee presented its detailed internal report in coordination with the internal auditor during the year 2022 to the board of directors.

- **Violations committed in 2022:** During the past year, the company did not receive any penalties or restrictions imposed by the Securities and Commodities Authority or any other regulatory body regarding any matter related to capital markets or other markets. In addition, the company has complied with all applicable laws, regulations, and amendments.

Tenth: The social responsibility:

Contributions, and sponsorships made by the company in 2022: We, at United Food Company, believe that our journey towards sustainable growth goes hand in hand with our responsibility towards developing our community and contributing to the progress and development of the country's economy. Therefore, United Food Company was honored to participate in:

Sustainable development: United Food Company has crowned its efforts in the field of sustainability by building a 2-megawatt solar energy generating station in collaboration with Yellow Door Energy, a sustainable energy solutions developer based in the UAE, to implement a new and comprehensive solar energy project. A sophisticated solar power generation station was built on the roof of the company's factory in the Jebel Ali Industrial Area in Dubai, United Arab Emirates.

Social responsibility is achieved through cooperation with the Al-Ihsan Charitable Society in 2022. The society is a charitable organization founded in 1990 under the name "Al-Ihsan Charity Center" in the Emirate of Ajman and was officially announced in its second phase in 1998 by a royal decree from His Highness Sheikh Humaid bin Rashid Al Nuaimi, a member of the Supreme Council and Ruler of Ajman. His Highness was keen on the values of goodness and benevolence based on social solidarity and preserving the family structure, which is why the Ministry of Community Development issued Ministerial Resolution No. (44) of 2012 regarding the establishment of the "Al-Ihsan Charitable Society" as a public benefit society, registered as No. (140) in the ministry's records.

The Al-Ihsan Charitable Society, through its vision of leading charitable work in the UAE, seeks to achieve the principle of social solidarity among segments and individuals of society. It has set specific goals, a comprehensive plan, and clear visions, based on providing assistance and support to all poor and needy families within the country, including financial and food aid. The society has also developed many services, expanded and updated its facilities and various departments, and trained its staff to meet the requirements of modern institutional work and activate its mechanisms, in order to provide the best services, considering "benevolence" as a link between donors and those in need. The society has gained the trust of many supporters and sponsoring institutions for its charitable projects.

Official sponsors and financiers of the campaign to prepare and deliver an Iftar meal during the month of Ramadan to the workers' residences in Dubai.

Sponsors of the solidarity campaign with Aseel to combat cyberbullying.

Sponsors of Tamkeen campaign to encourage people of determination to highlight their talents and entrepreneurship.

Eleven: General information: the share price in the market (the highest price and the lowest price), the closing price, the general index, and the sector index at the end of each month during the fiscal year 2022 AD:

(According to the data and information announced on the Dubai Financial Market website and its updates)

The overall performance of the market: please refer to www.dfm.ae for more details.

During the fiscal year ended on December 31, 2022, the company did not face any major issues.

Board Meetings Coordinator: Ms. Sandy Awad Abdullah was appointed as the Board Secretary. She holds a bachelor's degree in Engineering and was appointed on April 25, 2021.

The duties of the secretary of the Board Meetings are:

Prepare the meeting agenda in coordination with the concerned parties.

Share the meeting invitation and necessary reports with the members in sufficient time.

Attend the Board Meetings and prepare the minutes of the meetings.

Statement of the special decisions presented at the General Assembly held on April 12, 2022, and the procedures taken regarding them:

1. Approval of the preliminary estimates and dealings with related parties for the year 2022, as follows:

Modern Bakery LLC, one of United Foods Company's clients, has estimated sales of AED 1,850,000 for oils and ghee. During the year 2022, the total sales and commercial dealings with the client were AED 2,167,155 according to prevailing prices and without any preferential conditions.

2. Approval of amendments to the company's Articles of Association according to Federal Law Decree No. 32 of 2021 on Commercial Companies. The vote was in favor of the amendment, and the Authority approved the publication.

The full disclosure and verification of these supplies were included in the company's financial statements for the period ended on December 31, 2022, disclosed to the Dubai Financial Market and will be presented to the proposed shareholders at the General Assembly for approval.

3. The essential events that happened to the company during the year 2022:

• Distributing 20% cash dividends to shareholders for the fiscal year ending on December 31, 2022.

• There were no serious violations during the fiscal year ending on December 31, 2022, or any breaches of corporate governance controls and discipline standards.

 The percentage of Emiratization in the company by the end 2022 is 2% of the skilled labours.

 The innovative projects and initiatives undertaken by the company during the year 2022 are not available.

UNITED FOODS COMPANY (PSC) AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

الأغذية المتحدة
United Foods

DIRECTORS' REPORT

The Directors are pleased to present their report together with audited consolidated financial statements of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022.

Review of the activities

Despite 2022, being another challenging year globally with a very competitive business environment for the FMCG sector from the developments worldwide and related inflationary pressure exacerbated by unprecedented supply chain constraints, record spike in global edible oil costs resulting in dilution of our margins, the Group delivered strong 25.6% growth in Sales Revenue versus 2021 with a healthy Gross Profit of AED 80 M.

Although our manufactured products volumes were adversely impacted, however expansion in distribution of other food products and increase in net sales price realization helped substantially increasing the sales revenue in local markets. Further, geopolitical headwinds in the region and escalation in transportation costs and import duties impacted our Export volumes.

The Group continued to benefit from the effective implementations of cost control, efficiency enhancements, process automations, development of cost effective and healthy recipes, diversification of product portfolio and achieved Net Profit of AED 17.43M in 2022 witnessing a substantial growth over 2021.

The Group will remain focused to capitalize on the distribution growth potential in UAE by diversifying and expanding the product portfolio, pursuing strategic acquisition opportunities and exploring new markets.

Results

The Group recorded turnover before discounts and marketing expenses of AED 670,339,574, an increase of 25.6% over 2021 (2021: AED 533,633,925) with a net profit of AED 17,434,256 [2021: AED 8,760,994].

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شركة الأغذية المتحدة (ش.م.ع.)
ص.ب ٥٨٣٦، دبي، الإمارات العربية المتحدة
هاتف: ٠٠٩٧١٤٥٠٦٣٨٠٠
فاكس: ٠٠٩٧١٤٣٣٨١٩٨٧

DIRECTORS' REPORT (continued)

	2022 *AED*
Retained earnings balance as at 1 January 2021	174,354,383
Profit for the year 2022	17,434,256
Profit available for appropriation as at 31 December 2022	191,788,639
Appropriations:	
Dividends declared and paid (relating to 2021)	(6,050,000)
Directors' remuneration	(1,592,100)
Retained earnings balance as at 31 December 2022	184,146,539

20% cash dividend totaling to AED 6,050,000 is proposed relating to the year 2022 subject to approval by the Shareholders in the Annual General Meeting.

Directors

The list of Directors of the Group is as follows:

Mr. Ali Humaid Ali Abdalla Alowais	- Chairman
Mr. Mohamed Abdelaziz Alowais	- Executive Vice Chairman
Mr. Mohamed Salim Rashid Alowais	- Vice Chairman
Mr. Ahmed Abdalla Alowais	- Board Director
Mr. Abdullah Mohammed AlHuraiz	- Board Director
Mr. Mohamed Ali Nasir Alowais	- Board Director
Mr. Hashem Salem Hashem Aldash	- Board Director
Mr. Ahmad Ali Salim Alowais	- Board Director
Mr. Abdulla Sultan Omran Alowais	- Board Director

For and on behalf of the Board

Mohamed Alowais

15th February 2023

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC)

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of United Foods Company (PSC) (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
Revenue is considered as a material and an important determinant of the Group's performance and profitability. This gives rise to the inherent risk that revenue recognised might be overstated in order to present better performance or profitable results for the year. The Group generates revenue from sale of goods when control of the goods is transferred to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods (refer note 2.3 to the consolidated financial statements for the revenue recognition policy). Furthermore, the revenue is adjusted by rebates and discounts given to the customers, which gives rise to the inherent risk of overstatement of revenue. Given the magnitude of the amount and the inherent risk of revenue overstatement, we consider revenue recognition to be a key audit matter.	To address the above risk, we performed the following procedures among others: - Tested the design and operating effectiveness of controls in respect of the Group's revenue and accounts receivable processes, including assessing the effectiveness of the IT General Controls and the relevant IT Application Controls; - Performed substantive testing and analytical procedures to test the reasonableness and completeness of the underlying calculation of the accruals for rebates and discounts; - Performed analytical procedures, including gross profit margin analysis and obtained explanations for significant variances as compared to previous year; - Performed sales cut-off procedures and selected a sample of invoices before and after year-end to test whether sales are recorded in the appropriate period; - Performed three-way correlation analysis between revenue, trade receivables and cash; - Obtained direct confirmations from customers and performed alternative procedures for the unconfirmed balances; - Performed journal entries testing for accounts related to identified risks of material misstatement and verified them with supporting documents.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on the audit of the financial statements (continued)

Other information
Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's 2022 Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on the audit of the consolidated financial statements (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC) (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

i) the Group has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Decree Law No. 32 of 2021;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Group;

v) investments in shares and stocks during the year ended 31 December 2022 are disclosed in note 9 to the consolidated financial statements;

vi) note 23 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2022; and

viii) the Group made no social contributions during the year.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No: 690

21 February 2023

Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022

	Notes	***2022 AED***	*2021 AED*
Revenue from contacts with customer, gross		**670,339,574**	533,633,925
Less: Discounts and rebates		**(23,308,017)**	(18,258,024)
Revenue from contracts with customers, net	3	**647,031,557**	515,375,901
Cost of sales		**(567,022,474)**	(446,419,029)
GROSS PROFIT		**80,009,083**	68,956,872
Selling and distribution expenses		**(45,325,066)**	(36,109,679)
General and administrative expenses		**(18,333,712)**	(24,907,974)
Finance costs		**(1,868,485)**	(961,685)
Other income, net		**2,952,436**	1,783,460
PROFIT FOR THE YEAR	4	**17,434,256**	8,760,994
Profit attributable to:			
Owners of the Group		**17,434,256**	8,760,994
Earnings per share			
Basic and diluted - in AED	18	**0.52**	0.27

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Notes	***2022*** ***AED***	*2021* *AED*
Profit for the year		**17,434,256**	8,760,994
Other comprehensive (loss)/ income			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity securities measured at FVOCI	9	**(399,859)**	966,830
		(399,859)	966,830
Items that may be reclassified subsequently to profit or loss			
Change in fair value of debt securities measured at FVOCI – Sukuk instruments	9	**(284,402)**	-
		(284,402)	-
Other comprehensive (loss)/ income		**(684,261)**	966,830
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**16,749,995**	9,727,824
Total comprehensive income attributable to:			
Owners of the Group		**16,749,995**	9,727,824

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 AED	2021 AED (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**82,751,868**	86,982,728
Right-of-use assets	6	**19,773,326**	17,739,476
Intangible assets	7	**1,513,122**	1,361,706
Financial assets at fair value through other comprehensive income	9	**10,655,796**	1,950,812
Long term receivables	8	-	408,000
		114,694,112	108,442,722
Current assets			
Inventories	10	**125,286,273**	104,766,259
Trade and other receivables	11	**111,030,288**	106,332,579
Amounts due from related parties	23	**501,029**	602,070
Bank balances and cash	12	**37,447,219**	52,267,356
		274,264,809	263,968,264
TOTAL ASSETS		**388,958,921**	372,410,986
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**30,250,000**	30,250,000
Statutory reserve	14	**15,125,000**	15,125,000
Regular reserve	15	**15,125,000**	15,125,000
General reserve	16	**65,314,980**	65,314,980
Fair value reserve	17	**149,172**	833,433
Retained earnings		**184,146,539**	174,354,383
Total equity		**310,110,691**	301,002,796
Liabilities			
Non-current liabilities			
Employees' end of service benefits	19	**9,136,368**	8,285,260
Lease liabilities	20	**13,424,885**	11,216,471
		22,561,253	19,501,731
Current liabilities			
Trade and other payables	21	**54,192,200**	45,498,979
Lease liabilities	20	**2,094,777**	2,036,582
Due to banks	22	-	4,370,898
		56,286,977	51,906,459
Total liabilities		**78,848,230**	71,408,190
TOTAL EQUITY AND LIABILITIES		**388,958,921**	372,410,986

Ali

Ali Bin Humaid Al Owais
Chairman
15th February 2023

Mohamed Alowais

Mohammed Abdel Aziz Ali Abdalla Al Owais
Executive Vice Chairman
15th February 2023

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share capital AED	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2022	30,250,000	15,125,000	15,125,000	65,314,980	833,433	174,354,383	301,002,796
Profit for the year	-	-	-	-	-	17,434,256	17,434,256
Other comprehensive loss	-	-	-	-	(684,261)	-	(684,261)
Total comprehensive income/ (loss) for the year	-	-	-	-	(684,261)	17,434,256	16,749,995
Dividends declared and paid (Note 13)	-	-	-	-	-	(6,050,000)	(6,050,000)
Directors' remuneration (Note 23)	-	-	-	-	-	(1,592,100)	(1,592,100)
Balance as at 31 December 2022	**30,250,000**	**15,125,000**	**15,125,000**	**65,314,980**	**149,172**	**184,146,539**	**310,110,691**

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 31 December 2022

	Share capital AED	*Statutory reserve AED*	*Regular reserve AED*	*General reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
Balance as at 1 January 2021	30,250,000	15,125,000	15,125,000	65,314,980	(133,397)	185,980,889	311,662,472
Profit for the year	-	-	-	-	-	8,760,994	8,760,994
Other comprehensive income	-	-	-	-	966,830	-	966,830
Total comprehensive income for the year	-	-	-	-	966,830	8,760,994	9,727,824
Dividends declared and paid (Note 13)	-	-	-	-	-	(19,662,500)	(19,662,500)
Directors' remuneration (Note 23)	-	-	-	-	-	(725,000)	(725,000)
Balance as at 31 December 2021	30,250,000	15,125,000	15,125,000	65,314,980	833,433	174,354,383	301,002,796

The attached notes 1 to 29 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 AED	2021 AED (Restated)
OPERATING ACTIVITIES			
Profit for the year		**17,434,256**	8,760,994
Adjustments for:			
Depreciation of property, plant and equipment	5	**11,139,291**	11,280,534
Depreciation of right-of-use assets	6	**1,843,104**	1,810,313
Amortisation of intangible assets	7	**415,651**	297,903
Gain on disposal of property, plant and equipment		**(201,662)**	(69,790)
Finance costs		**1,868,485**	961,685
Provision for employees' end of service benefits	19	**1,599,703**	1,286,649
Provision/ (write-back of provision) for expected credit losses, net	11	**1,239,859**	(249,313)
Provision for slow moving inventories, net	10	**55,852**	123,552
Provision for legal case	4	-	7,140,723
Termination of leases		**8,156**	15,397
		35,402,695	31,358,647
Working capital changes:			
Inventories		**(20,575,866)**	(42,298,352)
Trade and other receivables		**(5,529,568)**	(27,120,118)
Trade and other payables		**7,101,121**	(345,577)
Amounts due from related parties		**101,041**	(462,735)
Cash generated from/ (used in) operations		**16,499,423**	(38,868,135)
Employees' end of service benefits paid	19	**(748,595)**	(1,002,458)
Net cash generated from/ (used in) operating activities		**15,750,828**	(39,870,593)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(6,908,431)**	(2,901,428)
Refund against purchase of property, plant and equipment	5	-	932,200
Purchase of intangible assets	7	**(567,067)**	(918,839)
Proceeds from disposal of property, plant and equipment		**201,662**	238,225
Purchase of financial assets at FVTOCI	9	**(9,389,245)**	-
Acquisition of subsidiaries, net of cash acquired	8	-	(3,023,245)
Net change in bank deposits	12	**(19,000,000)**	(500,000)
Net cash used in investing activities		**(35,663,081)**	(6,173,087)
FINANCING ACTIVITIES			
Payment of lease liabilities	20	**(2,371,051)**	(1,680,383)
Finance costs paid		**(1,115,935)**	(232,258)
Dividends paid	13	**(6,050,000)**	(19,662,500)
Net cash used in financing activities		**(9,536,986)**	(21,575,141)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(29,449,239)**	(67,618,821)
Cash and cash equivalents at 1 January		**46,896,458**	114,515,279
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	**17,447,219**	46,896,458

The attached notes 1 to 29 form part of these consolidated financial statements.

1 ACTIVITIES

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

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

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

Effective 31 August 2021, the Company has acquired 100% controlling interest in Stratus General Trading LLC and PAL Foodstuff & Beverages Trading LLC. During the year ended 31 December 2022, the Company has finalised the final accounting of this acquisition and restated some of its opening balances comparatives numbers accordingly. There was no impact of this restatement on the previously reported consolidated statements of income or changes in equity (refer to note 8).

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

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 15 February 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), Articles of Association of the Company and the applicable requirements of the UAE Federal Decree Law No. 32 of 2021.

The consolidated financial statements have been prepared on a historical cost basis, except for investment securities at fair value through other comprehensive income that have been measured at fair value.

The consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Group's functional currency.

Federal Decree-Law No. 32 of 2021 which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies was issued on 20 September 2021 and is effective from 2 January 2022. The General Assembly meeting of the shareholders dated 11 April 2022 approved the amendments of the Articles of Association to comply with the requirements of Federal Decree-Law No. 32 of 2021 regarding commercial companies.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendment had no impact on the consolidated financial statements of the Group.

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the year.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

New and amended standards and interpretations (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

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

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective (continued)

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. These amendments are not applicable to the Group.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Group is currently assessing the impact of the amendments.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- 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 classified as current when:

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

The Group classifies all other liabilities as non-current.

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 by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition
Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.4.

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates which is adjusted against accounts receivables of respective parties.

Interest income
Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income
Rental income on operating lease is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Dividend income
Dividend income is accounted when the Group's right to receive dividend is established.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	20 years
Plant, machinery and equipment	4 to 15 years
Furniture, fixtures and office equipment	4 years
Motor vehicles	4 to 7 years

Land and capital work-in-progress are not depreciated.

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. An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of profit or loss in the period the asset is derecognised.

Assets in the course of construction are carried at cost as capital work in progress, and transferred to property, plant and equipment when available for use. All costs directly attributable to brining the asset to the location and condition necessary for it to be used in the manner intended by management are included in the construction cost. No depreciation is charged on such assets until available for use.

Leases
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment.

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the respective lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of certain stores (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office vehicles that are considered of low value (i.e., below AED 18,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in the consolidated statement of profit or loss.

Intangible assets
Intangible assets include acquired software and exclusive distribution rights.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated on a straight-line basis over the estimated useful life of 4 years and 10 years, respectively, to their residual values.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IAS 39. Other contingent consideration not within the scope of IAS 39, it is measured at fair value at each reporting date with changes in fair value recognized in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of goodwill
On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets
At each reporting date the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

Inventories
Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

Raw materials – purchase cost on moving average basis;
Packing materials – purchase cost on moving average basis;
Spares and consumables – purchase cost on moving average basis;
Finished goods and work-in-progress – cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal. Damaged and obsolete inventories are written off.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value and, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies for revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets include bank balances and cash, trade and other receivables, and amounts due from related parties.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through OCI (debt instruments)
For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted sukuk bonds.

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments-initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amount due to a related party, and lease liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables
Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Group.

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

iii) Offsetting of financial instruments

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and short-term deposits with an original maturity of three months or less, net of outstanding bank overdraft.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Employees' end of service benefits
The Group provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

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

Value added tax ("VAT")
The Group is subject to a value added tax ("VAT") of 5% on its transactions inside UAE, and on its import of goods and services from abroad. The amount of VAT liability is determined by applying the applicable tax rate to the invoiced amount of sale of goods and services and reimbursable expenses inside UAE (if any) (output VAT) less VAT paid on purchases made with the relevant supporting invoices (input VAT). The Group reports revenue net of value added tax for all the periods presented in the consolidated financial statements.

Foreign currencies
Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the consolidated financial statements.

Determining method to estimate variable consideration and assessing the constraint
Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of goods with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Property lease classification – The Group *as lessor*
The Group has entered into commercial property leases on a portion of its property, not classified as investment property as does not meet the criteria for investment property per IAS 40. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the property, that it retains all the significant risks and rewards of ownership of the property and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of three or more years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Business model assessment
Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Going concern
Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventory, were AED 126,103,055 (2021: AED 105,527,189) before provisions for slow moving inventories of AED 816,782 (2021: AED 760,930). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Useful lives and depreciation of property, plant and equipment and intangible assets
The management periodically reviews estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Estimating variable consideration for returns and volume rebates
The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates. The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group updates its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2022 and 2021, no material amount recognised as refund liabilities for the expected returns and volume rebates.

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

3 REVENUE FROM CONTRACTS WITH CUSTOMERS, NET

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2022 ***AED***	*2021* *AED*
Type of revenue		
Sale of goods, gross	**670,210,761**	533,584,300
Less: Discounts and rebates	**(23,308,017)**	(18,258,024)
Sale of goods	**646,902,744**	515,326,276
Filing services	**128,813**	49,625
	647,031,557	515,375,901
Type of revenue		
At a point in time	**647,031,557**	515,375,901
Geographical market		
United Arab Emirates	**478,220,721**	391,173,840
GCC other than UAE	**95,369,402**	90,652,007
Rest of world	**73,441,434**	33,550,054
	647,031,557	515,375,901

Advances from customers and other rebates are classified as contract liabilities and included under trade and other payables in Note 21. The amount billed under the contracts are recognised as trade receivables and disclosed in Note 11.

4 PROFIT FOR THE YEAR

Profit for the year is stated after charging:

	2022 ***AED***	*2021* *AED*
Inventories charged to cost of sales	**538,272,952**	421,470,840
Employee expenses	**40,134,726**	38,148,282
Rental - operating lease	**314,521**	990,383
Provision for a legal case (Note 24)	-	7,140,723

Rental – operating leases expense 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").

5 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED	*Plant, machinery and equipment AED*	*Furniture, fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:						
At 1 January 2022	92,833,438	173,102,170	5,998,997	15,304,657	2,415,311	289,654,573
Additions	-	-	17,940	-	6,890,491	6,908,431
Disposals	-	-	(12,396)	(808,100)	-	(820,496)
Transfers and reclassifications	-	3,331,918	358,277	1,348,500	(5,038,695)	-
At 31 December 2022	**92,833,438**	**176,434,088**	**6,362,818**	**15,845,057**	**4,267,107**	**295,742,508**
Accumulated depreciation and impairment:						
At 1 January 2022	49,884,095	134,138,848	5,316,669	12,560,839	771,394	202,671,845
Charge for the year	2,935,471	6,528,086	282,034	1,393,700	-	11,139,291
Disposals	-	-	(12,396)	(808,100)	-	(820,496)
At 31 December 2022	**52,819,566**	**140,666,934**	**5,586,307**	**13,146,439**	**771,394**	**212,990,640**
Net carrying value						
At 31 December 2022	**40,013,872**	**35,767,154**	**776,511**	**2,698,618**	**3,495,713**	**82,751,868**

	Land and buildings AED	*Plant, machinery and equipment AED*	*Furniture, fixtures and office equipment AED*	*Motor vehicles AED*	*Capital work-in-progress AED*	*Total AED*
Cost:						
At 1 January 2021	92,625,438	172,205,707	5,522,665	13,701,977	2,462,216	286,518,003
Additions	-	-	-	-	2,901,428	2,901,428
Disposals	-	-	-	(325,000)	-	(325,000)
Adjustment *	-	(932,200)	-	-	-	(932,200)
Acquired in business combination (Note 8)	-	385,105	80,557	1,026,680	-	1,492,342
Transfers and reclassifications	208,000	1,443,558	395,775	901,000	(2,948,333)	-
At 31 December 2021	92,833,438	173,102,170	5,998,997	15,304,657	2,415,311	289,654,573
Accumulated depreciation and impairment:						
At 1 January 2021	46,927,360	127,319,587	4,822,769	10,725,693	771,394	190,566,803
Charge for the year	2,956,735	6,557,565	432,305	1,333,929	-	11,280,534
Disposals	-	-	-	(156,565)	-	(156,565)
Acquired in business combination (Note 8)	-	261,696	61,595	657,782	-	981,073
At 31 December 2021	49,884,095	134,138,848	5,316,669	12,560,839	771,394	202,671,845
Net carrying value						
At 31 December 2021	42,949,343	38,963,322	682,328	2,743,818	1,643,917	86,982,728

5 PROPERTY, PLANT AND EQUIPMENT (continued)

* During the year ended 31 December 2021, the Group was awarded a refund of AED 932,200 by DEWA against initial payment for electrical installations in earlier years. The refund is accounted for as adjustment to carrying value of the related assets.

The Group's building on Sheikh Zayed Road is constructed on land for which owned rights were acquired from the Government of Dubai in 2010. The land is registered in the name of the Group. The Group's building in Jebel Ali Industrial Area is constructed on land taken on lease from the Government of Dubai.

Capital work-in-progress of AED 3,495,713 (2021: AED 1,643,917) as at 31 December 2022 pertains mainly to the expenditures incurred for the expansion of factory and warehouse facility in Jebel Ali Industrial Area.

The Group has temporarily rented out a portion of land and building in Al Quoz and certain staff accommodation units to third party to earn rentals. During the year, the Group earned rental income amounting to AED 109,382) (2021: AED 83,332) which is included in other income in the consolidated statement of profit or loss.

The cost of fully depreciated assets still in use as at 31 December 2022 was AED 126.52 million (2021: AED 126.52 million). The depreciation charge for the year has been allocated as follows:

	2022 ***AED***	*2021* *AED*
Cost of sales	**7,745,597**	7,859,552
Selling and distribution expenses	**2,647,517**	2,721,944
General and administrative expenses	**746,177**	699,038
	11,139,291	11,280,534

6 RIGHT-OF-USE ASSETS

	2022 ***AED***	*2021* *AED*
As at 1 January	**17,739,476**	19,848,951
Additions during the year	**1,952,234**	726,820
Modifications during the year	**1,932,876**	-
Acquired through business combination (Note 8)	-	8,156
Less: retirements during the year	**(8,156)**	(1,034,138)
Less: depreciation for the year	**(1,843,104)**	(1,810,313)
	19,773,326	17,739,476

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

	2022 ***AED***	*2021* *AED*
Selling and distribution expenses	**836,652**	775,929
Cost of sales	**832,477**	847,719
General and administrative expenses	**173,975**	186,665
	1,843,104	1,810,313

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

7 INTANGIBLE ASSETS

	Software AED	*Exclusive distribution rights AED*	*Total AED*
Cost:			
At 1 January 2022	3,974,125	441,304	4,415,429
Additions	567,067	-	567,067
At 31 December 2022	**4,541,192**	**441,304**	**4,982,496**
Accumulated amortisation:			
At 1 January 2022	3,053,723	-	3,053,723
Charge for the year	356,810	58,841	415,651
At 31 December 2022	**3,410,533**	**58,841**	**3,469,374**
Net carrying amount			
At 31 December 2022	**1,130,659**	**382,463**	**1,513,122**

	Software AED (Restated)	*Exclusive distribution rights AED (Restated)*	*Total AED (Restated)*
Cost:			
At 1 January 2021	2,890,429	-	2,890,429
Additions	918,839	-	918,839
Acquired in business combination (Note 8)	164,857	441,304	606,161
At 31 December 2021	3,974,125	441,304	4,415,429
Accumulated amortisation:			
At 1 January 2021	2,675,477	-	2,675,477
Acquired in business combination (Note 8)	80,344	-	80,344
Charge for the year	297,902	-	297,902
At 31 December 2021	3,053,723	-	3,053,723
Net carrying amount			
At 31 December 2021	920,402	441,304	1,361,706

8 BUSINESS COMBINATION

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

In 2021, the Group had provisionally accounted for the above acquisition on provisional basis by applying the acquisition method as per IFRS 3 “Business Combinations” on achieving the control and expect to finalise the acquisition accounting on finalisation of fair values of assets acquired and liabilities assumed within one year of the acquisition date. The Group had recognised a provisional value of goodwill of AED 1,321,304 as at 31 December 2021. The goodwill recognised was primarily attributed to the expected synergies and other benefits from combining the assets and activities of SGT and PAL with those of the Group.

8 BUSINESS COMBINATION (continued)

Assets acquired and liabilities assumed – SGT

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

	Fair values recognised on acquisition AED (Restated)
Assets	
Property, plant and equipment (Note 5)	**474,113**
Intangible assets (Noted 7)	**525,818**
Right-of-use assets (Note 6)	**8,156**
Inventories	**1,078,231**
Trade receivables and other receivables	**1,408,669**
Bank balances and cash	**83,029**
Total assets	**3,578,016**
Liabilities	
Trade and other payables	**(257,762)**
Employees' end of service benefits (Note 19)	**(147,547)**
Total liabilities	**(405,309)**
Total identifiable net assets at fair value	**3,172,707**
Less: fair value of net assets acquired	**(3,172,707)**
Goodwill	**-**

Consideration

As per sale and purchase agreement, the consideration agreed was AED 4,250,000, subject to certain adjustments resulting from change in net assets of SGT from the date of sale and purchase agreement to closing date i.e., 31 August 2021, to be agreed between the parties. On 25 August 2022, the Company signed an annexure to the original agreement, whereby the Company has adjusted the consideration to AED 3,172,707 after considering the adjustments as per agreement.

Contribution during the year 2021

From the date of acquisition 31 August 2021, SGT has contributed AED 539,808 of revenue and loss of AED 205,386 from the continuing operations of the Group for the year ended 31 December 2021. Had the acquisition taken place on 1 January 2021, revenue contributed would have been AED 6,360,268 and the net loss contributed would have been AED 1,488,252 for the year ended 31 December 2021.

8 BUSINESS COMBINATION (continued)

Assets acquired and liabilities assumed – PAL
For the final accounting of the business combination, the fair values of the identifiable assets and liabilities of PAL as at date of acquisition 31 August 2021 are:

	Fair values recognised on acquisition AED (Restated)
Assets	
Property, plant and equipment (Note 5)	**37,156**
Inventories	**597**
Trade receivables and other receivables	**107,291**
Bank balances and cash	**98,726**
	243,770
Liabilities	
Trade and other payables	**(162,726)**
Employees' end of service benefits (Note 19)	**(48,751)**
Total liabilities	**(211,477)**
Total identifiable net assets at fair value	**32,293**
Less: fair value of net assets acquired	**(32,293)**
Goodwill	**-**

Consideration
As per sale and purchase agreement, the consideration agreed was AED 300,000, subject to certain adjustments resulting from change in net assets of PAL from the date of sale and purchase agreement to closing date i.e., 31 August 2021, to be agreed between the parties. On 25 August 2022, the Company signed an annexure to the original agreement, whereby the Company has adjusted the consideration to AED 32,293 after considering the adjustments as per agreement.

Contribution during the year 2021
From the date of acquisition 31 August 2021, PAL has contributed AED 73,840 of revenue and loss of AED 101,785 from the continuing operations of the Group for the year ended 31 December 2021. Had the acquisition taken place on 1 January 2021, revenue contributed would have been AED 1,251,721 and the net loss contributed would have been AED 1,339,504 for the year ended 31 December 2021.

	Fair values recognised on acquisition AED (Restated)
Analysis of cash flows on acquisitions:	
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	**181,755**
Cash paid	**(3,205,000)**
Net cash flow on acquisition	**(3,023,245)**

Finalisation of acquisition accounting of SGT and PAL
On 25 August 2022, the Company signed an annexure to the original agreements whereby the total consideration amount has been reduced by AED 880,000, including an amount of AED 472,000 which will be collected by the Company during the year 2022 while the remaining amount of AED 408,000 will be collected during the year 2023.

8 BUSINESS COMBINATION (continued)

Finalisation of acquisition accounting of SGT and PAL (continued)

In addition, as per the final accounting, the Group has identified exclusive rights arising from the acquisition with a fair value of AED 441,304 which were allocated to intangible assets. Accordingly, the Group has not recognised any goodwill as at 31 December 2022. Accordingly, the Company has restated its consolidated financial statements as at and for the year ended 31 December 2021. The consolidated financial statements line items impacted due to this restatement are disclosed below:

Consolidated statement of financial position (extract)

	31 December 2021 as previously reported AED	*Increase/(decrease) in consolidated statement of financial position AED*	*31 December 2021 as restated AED*
Intangible assets	920,402	441,304	1,361,706
Goodwill	1,321,304	(1,321,304)	-
Trade and other receivables	105,860,579	472,000	106,332,579
Long term receivables	-	408,000	408,000

Consolidated statement of cash flows (extract)

	31 December 2021 as previously reported AED	*Increase/(decrease) in consolidated statement of cash flows AED*	*31 December 2021 as restated AED*
Trade and other receivables	(26,240,118)	(880,000)	(27,120,118)
Acquisition of subsidiaries, net of cash acquired	(3,903,245)	880,000	(3,023,245)

The restatement does not impact the consolidated net assets, consolidated equity and the consolidated statement of comprehensive income of the Group for the year ended 31 December 2021.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022 AED	*2021 AED*
Quoted equity instruments:		
UAE	**377,500**	710,000
Oman	**1,173,453**	1,240,812
Quoted debt instruments – Sukuks:		
UAE	**3,770,943**	-
KSA	**5,333,900**	-
At 31 December	**10,655,796**	1,950,812

The movement of investment securities during the year is as follows:

	2022 AED	*2021 AED*
At 1 January	**1,950,812**	983,982
Additions	**9,389,245**	-
Change in fair value (Note 17)	**(684,261)**	966,830
At 31 December	**10,655,796**	1,950,812

The fair value levels of the investment securities at FVOCI are disclosed in Note 27.

10 INVENTORIES

	2022 ***AED***	*2021* *AED*
Raw materials	**44,074,006**	68,515,474
Finished goods	**28,755,761**	20,320,752
Packing materials	**2,404,420**	2,671,403
Work-in-progress	**8,740,748**	6,422,855
Spares and consumables	**2,520,761**	2,515,843
	86,495,696	100,446,327
Less: provision for slow moving inventories	**(816,782)**	(760,930)
	85,678,914	99,685,397
Goods-in-transit	**39,607,359**	5,080,862
	125,286,273	104,766,259

Movement of the provision for slow moving inventories is as follows:

	2022 ***AED***	*2021* *AED*
At 1 January	**760,930**	884,482
Charge for the year	**55,852**	42,620
Write back during the year	-	(166,172)
At 31 December	**816,782**	760,930

11 TRADE AND OTHER RECEIVABLES

	2022 ***AED***	*2021* *AED* *(Restated)*
Trade receivables	**108,856,873**	97,690,959
Less: provision for expected credit losses	**(5,962,302)**	(4,722,443)
	102,894,571	92,968,516
Prepaid expenses	**4,497,682**	3,443,619
Advances to suppliers	**683,098**	7,516,185
Consideration receivable	**608,000**	472,000
Accrued interest receivable	**583,042**	384,201
Staff receivables	**122,830**	64,714
Other receivables	**1,641,065**	1,483,344
	111,030,288	106,332,579

As at 31 December 2022, trade receivables at nominal value of AED 5,962,302 (2021: AED 4,722,443) were impaired.

11 TRADE AND OTHER RECEIVABLES (continued)

Movement of the provision for expected credit losses is as follows:

	2022 ***AED***	*2021* *AED*
At 1 January	**4,722,443**	4,772,383
Provision/ (write-back of provision) for the year, net	**1,239,859**	(249,313)
Assumed on business combination	-	199,373
At 31 December	**5,962,302**	4,722,443

The Group's terms of sales require amounts to be paid within the range of 30 to 120 days from the date of sale. As at 31 December, the ageing of unimpaired trade receivables on the basis of due dates is as follows:

				Past due but not impaired				
	Total *AED*	*Neither past due nor impaired* *AED*	*<30 days* *AED*	*30-60 days* *AED*	*60-90 days* *AED*	*90-120 days* *AED*	*120-150 days* *AED*	*>150 days* *AED*
2022	**102,894,571**	**86,833,070**	**7,221,506**	**3,037,834**	**638,150**	**1,587,032**	**925,489**	**2,651,490**
2021	92,968,516	83,305,961	5,641,082	1,742,673	541,061	564,425	401,236	772,078

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of cash flows consist of the following amounts in the consolidated statement of financial position:

	2022 ***AED***	*2021* *AED*
Cash in hand	**91,089**	187,049
Bank balances	**17,256,130**	1,980,307
Deposits	**20,100,000**	50,100,000
Bank balances and cash	**37,447,219**	52,267,356
Less: Deposits with an original maturity of more than three months	**(20,000,000)**	(1,000,000)
Bank overdrafts (Note 22)	-	(4,370,898)
Cash and cash equivalents	**17,447,219**	46,896,458

Deposits are placed with local banks and accrue interest at prevailing market rates. During the year, the Group earned interest income on these deposits amounting to AED 655,185 (2021: AED 997,386) which is included in other income in the consolidated statement of profit or loss.

13 SHARE CAPITAL

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

13 SHARE CAPITAL (continued)

Dividend declared

The Annual General Meeting held on 11 April 2022 approved a dividend of AED 0.20 per share totaling to AED 6,050,000 relating to 2021, which was paid during the year (relating to 2020: Annual General Meeting held on 22 March 2021 approved 0.65 per share totaling to AED 19,662,500 which was paid during March 2021).

During the Board of Directors' meeting held on 15 February 2023, the Directors proposed a 20% cash dividend totaling to AED 6,050,000 relating to 2022 subject to approval by the Shareholders in the Annual General Meeting.

14 STATUTORY RESERVE

In accordance with the UAE Federal Decree Law No. 32 of 2021, a minimum of 10% of the profit of the Group is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital. The Group has already transferred AED 15,125,000 in previous years which reached the minimum statutory reserve requirement as per the Law and therefore no further transfers to statutory reserve were made during the year and the previous year. This reserve is not available for distribution except in the circumstances stipulated by the law.

15 REGULAR RESERVE

In accordance with the Articles of Association of the Group, 10% of the net profit for each year should be transferred to a regular reserve and such transfers cease through a resolution of the usual general assembly upon a suggestion of the board of directors or if it reaches 50% of the paid up capital of the Group. The Group has already transferred AED 15,125,000 in previous years which reached the minimum reserve requirement as per the Articles of Association and therefore no further transfers to regular reserve were made during the year and the previous year. This reserve is to be used for purposes as recommended by the board of directors and approved at the general assembly.

16 GENERAL RESERVE

In accordance with the Articles of Association of the Company, any undistributed net profit may be transferred to the general reserve according to the decisions of the Board of Directors. No transfer has been made to general reserve during the year and the previous year.

17 FAIR VALUE RESERVE

The fair value reserve represents the unrealised gains and losses arising from changes in the fair value of investment securities classified as financial assets with "fair value changes in other comprehensive income (FVOCI)". The fair value reserve is recognised under fair value reserve in equity until the investments are sold, collected or otherwise disposed of, at which time the cumulative gain or loss previously recognised in other comprehensive income is transferred to retained earnings directly or recycled to the consolidated statement of profit or loss, depending on the nature of the instrument (debt or equity).

Movement of the fair value reserve recognised in the consolidated statement of financial position is as follows:

	2022	*2021*
	AED	*AED*
Balance at 1 January	**833,433**	(133,397)
Net change in fair value of investment securities carried at fair value through OCI (Note 9)	**(684,261)**	966,830
Balance as at 31 December	**149,172**	833,433

18 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit net of Directors' remuneration for the year amounting to AED 15,842,156 (31 December 2021: AED 8,035,994) by the weighted average number of ordinary shares outstanding during the year ended 31 December 2022 of 30,250,000 shares (during the year ended 31 December 2021: 30,250,000 shares).

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

19 EMPLOYEES' END OF SERVICE BENEFITS

	2022 ***AED***	*2021* *AED*
At 1 January	**8,285,260**	7,804,771
Provision during the year	**1,599,703**	1,286,649
Assumed on business combination (Note 8)	-	196,298
End of service benefits paid	**(748,595)**	(1,002,458)
At 31 December	**9,136,368**	8,285,260

20 LEASE LIABILITIES

	2022 ***AED***	*2021* *AED*
At 1 January	**13,253,053**	14,495,930
Additions during the year	**1,952,234**	726,820
Add: interest expense on lease liabilities	**752,550**	729,427
Modifications during the year	**1,932,876**	-
Retirements during the year	-	(1,018,741)
Less: payments during the year	**(2,371,051)**	(1,680,383)
At 31 December	**15,519,662**	13,253,053

Presented in the consolidated statement of financial position as follows:

	2022 ***AED***	*2021* *AED*
Current	**2,094,777**	2,036,582
Non-current	**13,424,885**	11,216,471
	15,519,662	13,253,053

21 TRADE AND OTHER PAYABLES

	2022 ***AED***	*2021* *AED*
Trade payables	**16,472,562**	17,512,717
Accrued expenses and other payables	**16,225,048**	24,010,481
Accrual for goods in transit	**17,868,742**	1,506,498
Advances from customers	**1,957,490**	1,651,239
Directors' remuneration payable (Note 23)	**1,592,100**	725,000
Dividends payable	**76,258**	93,044
	54,192,200	45,498,979

Accrued expenses and other payables include retentions payable of AED 90,113 (2021: AED 111,913) towards capital work-in-progress for the expansion of factory and warehouse facility in Jebel Ali Industrial Area. Accrued expenses and other payables in 2021 included a provision of AED 7.1 million which was fully settled during 2022 (Note 24).

22 DUE TO BANKS

	2022 ***AED***	*2021* *AED*
Short term trust receipts	-	4,370,898

Due to banks represent short term trust receipts to meet the Group's working capital requirements.

23 RELATED PARTY TRANSACTIONS AND BALANCES

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

a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	2022 ***AED***	*2021* *AED*
Other related parties:		
Sales to related parties	**2,167,155**	1,849,600
Purchases of raw materials and services	-	8,610

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

	2022 ***AED***	*2021* *AED*
Short-term benefits	**3,307,504**	3,194,796
Employees' end of service benefits	**255,580**	145,700
Bonus	**580,000**	580,000
Directors' sitting fees	**105,000**	120,000
	4,248,084	4,040,496

23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Significant transactions with related parties (continued)

Compensation of key management personnel (continued)
For the year ended 31 December 2022, the Board of Directors determined the remuneration of Directors amounting to AED 1,592,100 (2021: AED 725,000), which is to be ratified by the shareholders in the upcoming annual general meeting to be held in 2023, and remained outstanding as at 31 December 2022 and included in trade and other payables.

b) Amounts due from related parties:

	2022 ***AED***	*2021* *AED*
Trade receivables	**501,029**	602,070

c) Amounts due to related parties:

Directors' remuneration payable (note 21)	**1,592,100**	725,000

24 CONTINGENCIES AND COMMITMENTS

Contingent liabilities
At 31 December 2022, the Group had contingent liabilities in respect of banks amounting to AED 300,853 (31 December 2021: AED 1,718,938) from which it is anticipated that no material liabilities will arise.

Legal claim contingency
The Group has a few pending litigations that occur in the ordinary course of business. As per advice received from the Group's legal advisor, management believes there will be no significant impact on the consolidated financial statements of the Group and that the Group has a strong legal position to rebut any claim.

During 2021, a court of first instance had ordered the Group to pay an amount of AED 7.1 million under a claim by an ex-distributor. Accordingly, the Group booked a provision for this amount during the year ended 31 December 2021. During 2022, an amount of AED 7,212,949 was given as a bank guarantee to the court against the case filed against the Group by a claimant. The Group, as per the directives of the court, was required to submit the amount as a bank guarantee. The court of cassation ruled its judgement of appeal no. 150/2022 on 20 April 2022 and obligated the Group to liquidate the bank guarantee and deposit the same to the execution account favoring the claimant. In compliance with the court judgement, the Group executed a bank transfer of AED 7.1 million on 24 May 2022 in favor of Dubai courts execution account. This case has been settled and closed.

Capital commitments
At 31 December 2022, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 4,140,291 (31 December 2021: AED 2,682,932).

25 SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in manufacturing, processing and marketing of 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 consolidated statement of financial position, consolidated statement of profit or loss and notes to the consolidated financial statements.

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

25 SEGMENTAL REPORTING (continued)

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

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

26 RISK MANAGEMENT

The Group's principal financial liabilities comprise trade and other payable, due to banks and lease liabilities. The Group has various financial assets such as trade and other receivable, amounts due from related parties and bank balances and cash. Both financial assets and liabilities arise directly from its operations.

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities.

The Group does not hold or issue derivative financial instruments for speculative purpose. The Group is mainly exposed to interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. No changes were made in the risk management objectives and policies during the years ended 31 December 2022 and 2021. The senior management of the Group reviews and agrees policies for managing each of these risks.

Interest rate risk
The Group is exposed to interest rate risk on its interest-bearing assets and liabilities.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December. There is no impact on the Group's equity.

	Increase/ decrease in basis points	*Effect on profit for the year*
2022		
AED	**+100**	**292,048**
AED	**-100**	**(292,048)**
2021		
AED	+100	457,291
AED	-100	(457,291)

Credit risk
The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Certain categories of customers are covered through credit insurance and most of the export sales customers are covered either through letter of credit or bank guarantees.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks. Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

The Group invests on quoted debt with low credit risk. The Group's debt instruments at fair value through OCI comprised solely of quoted bonds that are graded in the top investment categories.

With respect to credit risk arising from other financial assets of the Group, including cash and cash equivalents and trade and other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

26 RISK MANAGEMENT (continued)

Credit risk (continued)

	2022 AED	*2021 AED (Restated)*
Bank balances and deposits	**37,356,130**	52,080,307
Trade receivables	**102,894,571**	92,968,516
Debt instruments at FVTOCI	**9,104,843**	-
Consideration receivable	**608,000**	880,000
Accrued interest receivable	**583,042**	384,201
Amounts due from related parties	**501,029**	602,070
Staff receivables	**122,830**	64,714
Other receivables	**1,641,065**	1,483,344
	152,811,510	148,463,152

Liquidity risk

The Group limits its liquidity risk by ensuring that adequate internally generated funds, bank facilities and funds from the shareholders are available. The Group's terms of sales require amounts to be paid within the range of 30 to 120 days from the date of sale. Trade payables are normally settled within 30 to 90 days from the date of purchase.

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2022

	Less than 1 year AED	***1 to 5 years AED***	***>5 years AED***	***Total AED***
Trade and other payables	**52,234,710**	-	-	**52,234,710**
Lease liabilities	**2,153,363**	**11,606,080**	**10,898,591**	**24,658,034**
Total	**54,388,073**	**11,606,080**	**10,898,591**	**76,892,744**

At 31 December 2021

	Less than 1 year AED	*1 to 5 years AED*	*>5 years AED*	*Total AED*
Trade and other payables	43,122,740	-	-	43,122,740
Lease liabilities	2,205,582	7,879,567	10,076,099	20,161,248
Due to banks	4,370,898	-	-	4,370,898
Total	49,699,220	7,879,567	10,076,099	67,654,886

Equity price risk

The Group is exposed to equity securities price risk in respect of investments held by the Group classified as investments carried at fair value with changes in fair value through OCI in the consolidated statement of financial position. The Group's investments in equity securities are publicly traded and are listed in stock exchanges in the UAE and Oman.

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

26 RISK MANAGEMENT (continued)

Equity price risk (continued)
At the reporting date, the exposure to listed equity securities at fair value was AED 1,550,953 (2021: AED 1,950,812). A decrease of 10% in the market index could have an impact of approximately AED 155,095 (2021: AED 195,081) on the other comprehensive income or equity attributable to the Group, 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.

Foreign currency risk
The Group is not exposed to any significant foreign currency risk as transactions are mainly in US Dollar and the United Arab Emirates Dirham, which is pegged to the US Dollar.

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. During the years ended 31 December 2022 and 2021, there were no major changes in the objectives, policies or processes. Capital comprises share capital, reserves and retained earnings and is measured at AED 310,110,691 as at 31 December 2022 (2021: AED 301,002,796).

27 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, due to banks and lease liabilities.

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

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

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

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

Assets measured at fair value

	31 December 2022 AED	*Level 1 AED*	*Level 2 AED*	*Level 3 AED*
Quoted equity securities				
Consumer Staples Sector	**1,173,453**	**1,173,453**	-	-
Investments and Financial Services Sector	**377,500**	**377,500**	-	-
	1,550,953	**1,550,953**	-	-
Quoted debt securities				
Sukuk instruments	**9,104,843**	**9,104,843**	-	-
Total	**10,655,796**	**10,655,796**	-	-

27 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

Assets measured at fair value

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

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

28 FIDUCIARY ASSETS

As at 31 December 2022, the Group held 12.17 MT (31 December 2021: 54.75 MT) raw materials, in a fiduciary capacity on behalf of third parties

29 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Group has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Group shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.