



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

Detailed analysis of accumulated losses

Date:	10-Nov-2019
Listed Company Name:	Unikai Foods PJSC
Define the period of the financial statements	Q3 2019
Accumulated losses:	12,157 thousands
Accumulated losses to capital ratio:	37.5%
The main reasons leading to these accumulated losses and their history:	The accumulated losses have occurred in 2018 as a one off hits due to general slowdown in the market and regulations of IFRS 9 on Expected credit loss. Prior to 2018, the company was in profits for three consecutive years. Year 2018 was bit challenging in terms of market competition in UAE and Oman, declining margins on food products and new legislations like VAT & Excise and accounting regulations. Trying to sustain and achieve the targets in these conditions, the company invested in the new products and distribution capabilities but with the heavy competition our margins reduced significantly with additional discounts offered leading to losses.
Measures to be taken to address accumulated losses:	For the period of 9 months of the year 2019, the company has earned a profit of AED 7.5 million versus a loss of AED 14.1 million last year. This is a big turnaround and has been possible mainly due to various cost saving initiatives taken by the management as a part of strategic plan which includes focus on profitable volumes growth, reduction in the discounts for most of our products, we discontinued the loss making products and customers, rationalized the routes and fleets to improve the efficiency and reduce the operational cost, revised our recipes and production process to make it more efficient and economical, reduced bank loans and increased our customer universe across UAE & Oman during 2019. This has helped us in reducing the accumulated losses to capital ratio from 61% to 37.5%.

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