

**Unikai Foods (P.J.S.C.)
and its subsidiary**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2021

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNIKAI FOODS (P.J.S.C.)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Unikai Foods (P.J.S.C.) (the “Company”) and its subsidiary (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month and six-month periods then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young



Signed by
Ashraf Abu Sharkh
Partner
Registration No.: 690

10 August 2021

Dubai, United Arab Emirates

Unikai Foods (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Six-month period ended 30 June 2021 (Unaudited)

	<i>Notes</i>	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue from contracts with customers		70,605	68,526	121,789	121,898
Cost of sales		(43,545)	(42,730)	(77,406)	(78,848)
Gross profit		27,060	25,796	44,383	43,050
Administrative, selling and distribution expenses	3	(19,157)	(20,130)	(35,414)	(41,007)
Writeback of operating accruals	4	1,393	-	1,393	-
Impairment loss on trade receivables		(92)	(337)	(137)	(337)
Operating profit for the period		9,204	5,329	10,225	1,706
Finance costs, net		(2,606)	(2,479)	(4,209)	(5,129)
Loss on fair valuation of Investment Property	6	(1,500)	-	(1,925)	-
Loss on fair valuation of investments	10	-	(318)	-	(643)
Other income	4	687	930	1,150	1,882
Profit / (loss) for the period before tax		5,785	3,462	5,241	(2,184)
Tax expense		(915)	-	(927)	-
Profit / (loss) for the period		4,870	3,462	4,314	(2,184)
Profit / (loss) attributable to:					
Owners of the Company		4,870	3,462	4,314	(2,184)
Earnings / (loss) per share					
Earnings / (loss) per share-basic (AED) 18		0.15	0.11	0.13	(0.07)

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six-month period ended 30 June 2021 (Unaudited)

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Profit / (loss) for the period	4,870	3,462	4,314	(2,184)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	4,870	3,462	4,314	(2,184)
Total comprehensive income / (loss) attributable to:				
Owners of the Company	4,870	3,462	4,314	(2,184)

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,586	34,720
Investment properties	6	32,142	34,066
Right-of-use assets	7	38,361	42,174
Deferred tax asset		1,109	1,340
		105,198	112,300
Current assets			
Inventories	8	30,313	27,167
Trade and other receivables	9	52,400	42,688
Due from a related party		-	268
Investments at fair value through profit or loss	10	15,773	15,773
Cash and cash equivalents	11	12,610	12,894
		111,096	98,790
TOTAL ASSETS		216,294	211,090
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		2,366	2,366
Restricted reserve		792	792
Revaluation surplus		6,188	6,188
Accumulated losses		(11,245)	(15,559)
Total equity		30,469	26,155
Non-current liabilities			
Employees' end of service benefits		7,124	6,974
Lease liabilities	15	29,553	33,825
Long-term borrowings	12	29,605	21,450
		66,282	62,249
Current liabilities			
Short-term borrowings	12	48,179	63,041
Trade and other payables	13	57,946	46,821
Due to a related party		-	531
Lease liabilities	15	12,722	12,169
Provision for income tax	16	696	124
		119,543	122,686
Total liabilities		185,825	184,935
TOTAL EQUITY AND LIABILITIES		216,294	211,090


Director

10 AUG 2021


Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six-month period ended 30 June 2021 (Unaudited)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Restricted reserve AED '000</i>	<i>Revaluation surplus AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2021 (Audited)	32,368	2,366	792	6,188	(15,559)	26,155
Profit for the period	-	-	-	-	4,314	4,314
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	4,314	4,314
Balance as at 30 June 2021 (Unaudited)	32,368	2,366	792	6,188	(11,245)	30,469
	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Restricted reserve AED '000</i>	<i>Revaluation surplus AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2020 (Audited)	32,368	2,366	792	6,188	(19,129)	22,585
Loss for the period	-	-	-	-	(2,184)	(2,184)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,184)	(2,184)
Balance as at 30 June 2020 (Unaudited)	32,368	2,366	792	6,188	(21,313)	20,401

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six-month period ended 30 June 2021 (Unaudited)

		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>Notes</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
OPERATING ACTIVITIES			
Profit / (loss) for the period before tax		5,241	(2,184)
Adjustments for:			
Depreciation	5	2,423	2,600
Depreciation on right-of-use assets	7	4,558	5,578
Impairment loss on trade receivables		137	337
Loss on fair valuation of investments		-	643
Loss on fair valuation of investment properties		1,925	-
Gain on disposal of property, plant and equipment		(26)	(20)
Finance costs		4,209	5,129
Provision for employees' end of service benefits		502	661
Retirement of leases		-	(182)
		18,969	12,562
Working capital changes:			
Inventories		(3,146)	(4,441)
Trade and other receivables		(9,849)	363
Due from a related party		268	(260)
Trade and other payables*		11,125	6,370
Due to related parties		(531)	(254)
		16,836	14,340
Cash from operations		(352)	(409)
Employees' end of service benefits paid		(124)	-
Income tax paid			
Net cash from operating activities		16,360	13,931
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(1,294)	(1,954)
Proceeds from disposal of property, plant and equipment		30	26
Net cash used in investing activities		(1,264)	(1,928)
FINANCING ACTIVITIES			
Borrowings, net		(8,241)	4,040
Finance cost paid		(3,128)	(3,745)
Fixed deposits		302	(10,377)
Lease liabilities paid	15	(5,545)	(6,903)
Net cash used in financing activities		(16,612)	(16,985)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,516)	(4,982)
Cash and cash equivalents at 1 January		(4,343)	7,941
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	(5,859)	2,959

* Includes non- cash transaction relating to write back of operating accruals (Refer note 4) (six-month period ended 30 June 2020: Nil (unaudited)).

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

1 ACTIVITIES

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree issued by His Highness, The Ruler of Dubai. The Company’s equity securities are listed on Dubai Financial Market. The Company holds 100% of the equity of Unikai and Company LLC (the “Subsidiary”), registered as a limited liability company in the Sultanate of Oman under Commercial Register No. 3/74. The principal activity of the Subsidiary is trading in dairy, juice, ice cream and other food products.

The Group is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf and other countries. The trading activities of the Group are carried on in the name of “Unikai International” for which the Company holds two separate trade licenses with the names “Unikai International P.J.S.C.” and “Unikai International LLC”. The registered address of the Company is P.O. Box 6424, Dubai, UAE.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021 which are required to be fully complied within one year from the date amendments came into effect. The Company has assessed compliance requirement of the new provisions and updated its articles of association as approve in its annual general meeting held on 18 April 2021. The Company will be fully compliant thereof no later than the transition period given in the amendments.

The interim condensed consolidated financial statements have been approved by the Board of Directors on 10 August 2021.

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

Basis of preparation

The interim condensed consolidated financial statements for the six months period ended 30 June 2021 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

In addition, results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

These condensed consolidated interim financial statements have been presented on the historical cost basis except for investment properties and investments carried at fair value through profit or loss (“FVTPL”), which are measured at fair value.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams (“AED”), rounded to the nearest thousand except when otherwise indicated, which is the Company’s functional and presentation currency.

The Group has made a profit of AED 4,314 thousand for the period ended 30 June 2021, and as of that date it has accumulated losses of AED 11,245 thousand, and its current liabilities exceeded its current assets by AED 8,447 thousand. Notwithstanding these facts, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis as the management of the Group believes that the future operations of the Group will generate sufficient profits and cashflows to meet its financial obligations as they fall due.

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2020. The adoption of new standards with effect from 1 January 2021 has had no significant effect on the interim condensed consolidated financial statements of the Group.

3 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Staff salaries and benefits	10,147	10,183	18,921	21,086
Advertisement and other selling expenses	32	121	104	234
Commercial vehicle expenses	2,264	2,369	4,078	4,699
Depreciation	668	736	1,300	1,461
Depreciation on right to use of assets	2,300	2,799	4,558	5,578
Other expenses	3,746	3,922	6,453	7,949
	19,157	20,130	35,414	41,007

Commercial vehicle expenses include operating lease rentals of AED 132 thousand (unaudited) for three-month period ended 30 June 2021 (Three-month period ended 30 June 2020: AED 77 thousand (unaudited)) and AED 241 thousand (unaudited) for six-month period ended 30 June 2021 (Six-month period ended 30 June 2020: AED 270 thousand (unaudited)).

4 OTHER INCOME

Other income for the three-month period ended 30 June 2021 (unaudited) mainly includes rental income amounting to AED 0.31 million (three-month period ended 30 June 2020 (unaudited): AED 0.92 million) and six-month period ended 30 June 2021 (unaudited) mainly includes rental income amounting to AED 0.7 million (Six-month period ended 30 June 2020 (unaudited): AED 1.8 million).

During the period, the Company has written back certain operating accruals amounting to AED 1,393 thousand (for the six-month period ended 30 June 2020: AED Nil) which are no more payable.

5 PROPERTY, PLANT AND EQUIPMENT**Additions and disposals**

During the Six-month period ended 30 June 2021 (unaudited), the Group acquired assets amounting to AED 1.30 million (Six-month period ended 30 June 2020 (unaudited): AED 1.95 million). The depreciation expense amounted to AED 2.4 million (unaudited) (Six-month period ended 30 June 2020 (unaudited): AED 2.6 million).

6 INVESTMENT PROPERTIES

Investment properties comprises of labor accommodation and a warehouse that are leased to third parties. The fair values of investment properties as of 31 December 2020 were determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The investment method approach was used by taking into account expected market rental growth, occupancy rate, expected maintenance costs and discount rate.

As of 30 June 2021, based on the recent developments resulting in indicator of change in value, the Company reassessed the market value of labor accommodation. The fair value of labor accommodation was determined by external, independent property valuer, having appropriate professional qualifications and recent experience in the location and category of property being valued. Accordingly, the fair valuation loss of AED 1,925 thousand (30 June 2020: AED Nil (unaudited)) relating to labor accommodation is recognised.

The management believe that there have been no significant changes in the fair value of the warehouse from 31 December 2020 to 30 June 2021, and therefore no further revaluation exercise is performed.

The fair value measurement of investment properties of AED 32.1 million (unaudited) (2020: 34.01 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

7 RIGHT-OF-USE ASSETS

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
At 1 January	42,174	53,360
Additions during the period / year	745	3,772
Less: amortisation for the period / year	(4,558)	(10,465)
Less: retirements during the period / year	-	(4,493)
At the end of the period / year	38,361	42,174

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

8 INVENTORIES

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Raw materials and packing materials	11,419	10,273
Semi-finished goods	1,002	471
Finished goods	6,028	5,111
Trading goods	3,804	3,580
Consumable stores and spare parts	6,215	6,129
	28,468	25,564
Less: Provision for slow-moving inventories	(1,239)	(1,285)
	27,229	24,279
Goods-in-transit	3,084	2,888
	30,313	27,167

9 TRADE AND OTHER RECEIVABLES

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Trade receivables	66,023	59,005
Less: allowance for expected credit losses	(23,158)	(23,021)
	42,865	35,984
Advances, deposits and prepayments	9,535	6,704
	52,400	42,688

During the period ended 30 June 2021, the Group did not write off any trade receivables (for the year ended 31 December 2020: Nil) against allowance for expected credit losses.

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Balance at the beginning of the period / year	15,773	16,261
<i>Included in profit or loss:</i>		
Change in fair value during the period / year	-	(488)
Balance at the end of period / year	<u>15,773</u>	<u>15,773</u>

Investments represents unquoted equity instruments of an entity operating in dairy and poultry industry.

At 31 December 2020, the fair value of the investment was determined by the management using capitalisation of future maintainable earnings of the investee using a market valuation multiple. Valuation multiple is based on market expectations after considering conditions including the economy in general and the business and industry of the investee in particular, using market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques.

For the period ended 30 June 2021, the change in fair value of the investment was estimated by the management using comparable market data. The management has assessed the value of shares considering the impact of current global pandemic and market situation and using market observable data as far as possible. As per assessment performed, the management believe that there have been no significant changes in the fair value of the investments from 31 December 2020 to 30 June 2021.

11 CASH AND CASH EQUIVALENTS

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

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Cash in hand	1,259	531
Bank balances	11,351	12,363
	<u>12,610</u>	<u>12,894</u>
Less: Bank overdrafts (note 12)	(8,283)	(6,749)
Less: Fixed deposits	(10,186)	(10,488)
Cash and cash equivalents	<u>(5,859)</u>	<u>(4,343)</u>

Bank balances include fixed deposits of AED 10,186 thousand (31 December 2020 (audited): AED 10,488 thousand) having an original maturity of more than three months and carry interest at current commercial rates.

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

12 BORROWINGS

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Long term borrowings:		
Term loans	54,934	39,654
Less: short term portion of term loans	(25,329)	(18,204)
	<u>29,605</u>	<u>21,450</u>
Short term borrowings:		
Trust receipts	14,567	38,088
Current portion of term loan	25,329	18,204
Bank overdrafts (note 11)	8,283	6,749
	<u>48,179</u>	<u>63,041</u>

- i) Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- ii) One of the term loans is also subject to certain financial covenants including minimum tangible net worth of AED 27 million, current ratio of 1.0, debt to EBIDTA not to exceed 6.1 and debt to equity of 3.1. Testing for compliance with the above financial covenants is done annually on 31 December.
- iii) During the current period, the Company converted outstanding balance of trust receipts amounting to AED 25 million into another term loan repayable over 25 installments commenced in June 2021, as first 12 monthly installments of AED 750 thousand each, then 12 monthly instalment of AED 1,250 thousand each and final installment of AED 1,000 thousand. The loan carries interest of 4.5% per annum over 3 months EIBOR with minimum 6% per annum payable monthly.

13 TRADE AND OTHER PAYABLES

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Trade payables	48,670	38,454
Accruals and other payables	9,069	8,111
Dividends payable	207	256
	<u>57,946</u>	<u>46,821</u>

14 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.

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Compensation of key management personnel

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

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Short term benefits	463	543	820	921
Provision towards staff terminal benefits	17	12	35	24
	<u>480</u>	<u>555</u>	<u>855</u>	<u>945</u>

b) Other payables:

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Key management personnel	<u>581</u>	<u>495</u>

15 LEASE LIABILITIES

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
At 1 January	45,994	58,223
Additions during the period / year	745	3,772
Add: finance cost	1,081	2,561
Less: payments during the period / year, net of prepayments and accruals adjustment	(5,545)	(13,796)
Less: retirements during the period / year	-	(4,766)
	<u>42,275</u>	<u>45,994</u>

Presented on consolidated statement of financial position as follows:

	<i>30 June 2021 AED'000 (Unaudited)</i>	<i>31 December 2020 AED'000 (Audited)</i>
Current	12,722	12,169
Non-current	29,553	33,825
Total	<u>42,275</u>	<u>45,994</u>

16 PROVISION FOR INCOME TAX

The provision for taxation is in respect of the Group's operations carried out by a subsidiary in the Sultanate of Oman ("Oman"). The Subsidiary is liable to income tax in accordance with the income tax laws of the Oman depending on the level of its taxable profit. The subsidiary has recognised income tax expense of AED 927 thousand for the six month period ended 30 June 2021 (unaudited) (six month period ended 30 June 2020: Nil, (unaudited)) represented by current tax charge of AED 696 thousand and deferred tax assets reversal (charge) of AED 231 thousand for the six-month period ended 30 June 2021 (unaudited) (six month period ended 30 June 2020: current tax charge AED Nil and deferred tax charge AED Nil, (unaudited)). In the opinion of the management, the provision for taxation of AED 696 thousand (unaudited) (31 December 2020: AED 124 thousand) as at reporting date is adequate to meet the Group's tax liabilities.

Deferred tax asset of AED 1,109 thousand as at 30 June 2021 (unaudited) (31 December 2020: AED 1,340 thousand) computed for future tax liability implications due to timing differences in taxable profits and accounting profit.

17 CONTINGENCIES AND COMMITMENTS

	30 June 2021 AED'000 (Unaudited)	31 December 2020 AED'000 (Audited)
Letters of credit	-	7,430
Letters of guarantee	1,598	1,874

Capital commitments

The capital commitments outstanding as at 30 June 2021 amount to AED 3.5 million (unaudited) (31 December 2020: AED 4.5 million) representing costs to be incurred towards construction of warehouses and cooling system for the plant.

Legal cases

As at 30 June 2021, the Group has few outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no additional provision is required as at 30 June 2021 (31 December 2020: AED Nil).

18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period amounting to AED 4,314 thousand (unaudited) (loss for the period ended 30 June 2020: AED 2,184 thousand, (unaudited)) by the weighted average number of shares outstanding during the period ended 30 June 2021 of 32,368,000 shares (unaudited) (period ended 30 June 2020: 32,368,000 shares, (unaudited)).

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

19 SEGMENTAL REPORTING

The Group operates in the single reporting segment of dairy, juice, ice cream, and other food products. All the relevant information relating to this reporting / operating segment is disclosed in the interim condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of profit or loss and other comprehensive income and notes to the interim condensed consolidated financial statements.

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

Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021 (Unaudited)

19 SEGMENTAL REPORTING (continued)

Additional information required by IFRS 8, “Segment reporting”, is disclosed below:

Major customers

During the Six-month period ended 30 June 2021, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (Six-month period ended 30 June 2020: None).

20 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, due from a related party and investments at fair value through profit or loss. Financial liabilities consist of borrowings, trade and other payables and due to a related party.

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 30 June 2021, the Group held the following financial instruments and investment properties measured at fair value:

Assets measured at fair value

	30 June 2021 (Unaudited) AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Investments at FVTPL (Unaudited)	15,773	11	-	15,762
Investment properties (Unaudited)	32,142	-	-	32,142
	31 December 2020 (audited) AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Investments at fair value through profit or loss (Audited)	15,773	9	-	15,764
Investment properties (Audited)	34,066	-	-	34,066

21 SEASONALITY

Due to seasonal nature of the business of the Group, the results of operations of certain quarters, which fall in off peak periods may be substantially different from other quarters, which fall in the peak seasons (i.e. during summer season). Therefore, revenue from operations may not be evenly distributed over the four quarters of the same year and thus the results of operations of each quarter may not be comparable to other quarters of the same year.