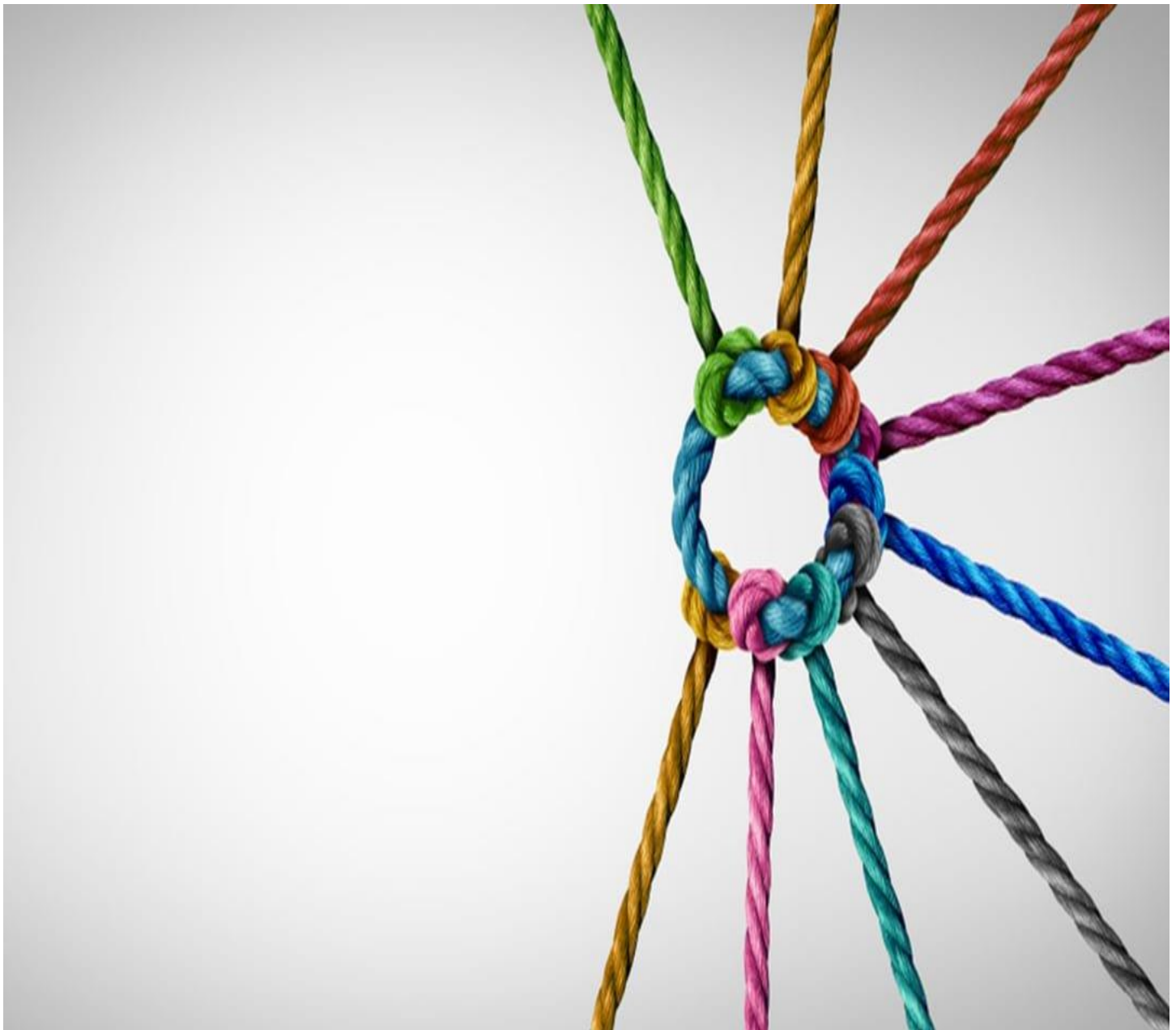




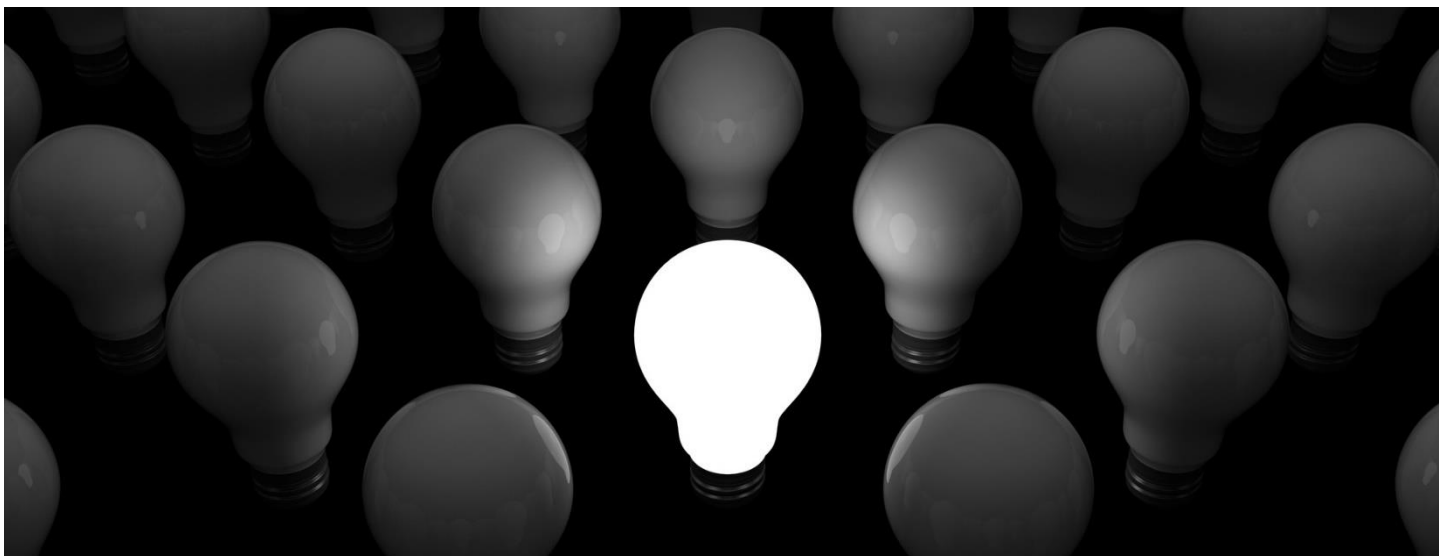
INTEGRATED REPORTS

2021



UNIKAI FOODS PJSC

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

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



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

DIRECTORS REPORT

Dear Shareholders,

On behalf of the Board of Directors,

It gives me great pleasure to share with you an update on the Company's performance for the year 2021. Reflecting on this year, I believe it has been among the most challenging one for the world economy and for global markets. The COVID-19 pandemic brought disruption and uncertainty to our business and to all our customers, colleagues, suppliers and shareholders. The global pandemic has alerted governments around the world that global supply chains can create significant geographical dependencies on services, raw materials and end products resulting in significant inflationary pressures. The speed and efficiency with which UAE government has deployed its vaccination programme in 2021 has put the economy in strong position.

We have been able to deliver a strong set of results in 2021 which has been third consecutive and most profitable year in recent past. Here are some key highlights of the financial performance of the company.

KEY FINANCIAL HIGHLIGHTS

AED'Millions

	2021	2020
Revenue	250.1	237.2
Gross margin	85.9	85.7
Net operating profit	13.5	7.6
Net profit	10.6	3.6



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

Underlying sales growth of 5.5% representing growth in the business as UAE opens its doors to the world through Expo 2020. We have been able to increase our customer base this year and will endeavor to continue the same momentum in coming years as well. We responded to rising input costs with pricing actions, while the costs of responding to the pandemic have been significant, we have strengthened our relationship with customers and built a stronger business for our shareholders. Operating profits have increased significantly by 79% which shows the efficiencies brought into the system driven through cost saving measures throughout distribution, supply chain and administration. Net profit has almost tripled for the year from AED 3.6 million in 2020 to AED 10.6 million in 2021. Parallely, we have been able to reduce our borrowings from AED 85 million to AED 74 million.

As part of our ongoing effort to promote healthy products, we have successfully launched 100% fruit-based juices and drinks and eliminated the sugar-based beverages from our product portfolio. We have ventured into selling through multiple platforms of E commerce, which has experienced a boom since 2020 because of remote working, with exponential growth in its consumer base, and is continuing to experience growth in 2022. As we enter the new financial year, we constantly evaluate the business requirement of capital expenditure with prudence through judicious observation while maintaining vision for the long term. These investments will cater the increased demand of Unikai Products while optimizing the cost of production and ensuring business continuity. Our strong commitment toward adopting and integrating Environmental, Social and Governance (ESG) best practices across the Group remains a primary focus.



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

We remain grateful to the UAE government for their visionary leadership, their continuous efforts and commitment to make UAE one of the safest, diversified, and competitive nation in the world. I thank all the fellow board members and the management for their dedicated contribution towards our success. Our biggest strength remains the dedication and professionalism of our employees, our investors, our consumers, and business partners who make up Unikai's extended family across the value chain. To all of them, I offer my sincere appreciation for their hard work and commitment over a year characterized by many challenges but also a lot of progress. Finally, I want to thank and acknowledge our shareholders for their continued support of our business. We are working hard to repay that support and are fully focused on delivering long-term value for shareholders.

Warm Regards

Mana Mohamed Saeed Al Mulla
Chairman of the Board



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIKAI FOODS (P.J.S.C)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Unikai Foods (P.J.S.C.) (the “Company”) and its subsidiary (together as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of income, 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 2021 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 *Auditors’ responsibilities for the audit of the 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 UNIKAI FOODS (P.J.S.C) (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 a material and an important determinant of the Group's performance and profitability. This gives rise to the inherent risk that revenue recognised may be overstated in order to present more profitable results for the year. The Group generates revenue from sale of goods when the significant risks and rewards of ownerships is transferred to customers (refer note 2.4 to the consolidated financial statements for the revenue recognition policy). 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; - Performed substantive testing and analytical procedures to test the accuracy 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 were recorded in the appropriate period; - Inquired of management at different levels and departments of their knowledge of any fraud risk and actual fraud instances; and - Performed journal entries testing for selected samples of transactions related to identified risks of material misstatement and verified them with supporting documents.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIKAI FOODS (P.J.S.C) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Other information

Other information consists of the information included in the Directors' report, other than the consolidated financial statements and our auditor's report thereon. 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, 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. (2) of 2015 (as amended), 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 UNIKAI FOODS (P.J.S.C) (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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF UNIKAI FOODS (P.J.S.C) (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 period 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.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015 (as amended), we report that for the year ended 31 December 2021:

- 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 UAE Federal Law No. (2) of 2015 (as amended), and the Articles of Association of the Company;
- iv) the financial information included in the Directors' report is consistent with the books of account of the Group;
- v) investments in shares and stocks as of 31 December 2021 are disclosed in note 13 to the consolidated financial statements;
- vi) note 24 to the consolidated financial statements 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 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2021; and

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
UNIKAI FOODS (P.J.S.C) (continued)**

Report on Other Legal and Regulatory Requirements (continued)

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

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No: 690

14 March 2022

Dubai, United Arab Emirates

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

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2021

	<i>Notes</i>	2021 AED 000	2020 AED 000
Revenue from contracts with customers	4	250,098	237,158
Cost of Sales	5	(164,148)	(151,468)
Gross Profit		85,950	85,690
Administrative, selling and distribution expenses	6	(73,294)	(77,200)
Writeback of operating accruals	7	1,393	-
Impairment loss on trade receivables	12	(521)	(933)
Operating profit for the year		13,528	7,557
Finance costs, net	21	(7,577)	(9,450)
Net gain on fair valuation of investment properties	9	3,291	1,366
Gain/ (loss) on fair valuation of investments through profit or loss	13	158	(488)
Other income	7	2,121	3,994
PROFIT FOR THE YEAR BEFORE TAX		11,521	2,979
Tax (expense) / credit	23	(901)	591
PROFIT FOR THE YEAR		10,620	3,570
Profit attributable to:			
Owners of the Company		10,620	3,570
Earnings per share			
Earnings per share-basic (AED)	26	0.33	0.11

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 AED 000	2020 AED 000
Profit for the year		10,620	3,570
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Revaluation of right-of-use asset reclassified to investment property	10	458	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,078	3,570
Total comprehensive income attributable to:			
Owners of the Company		11,078	3,570

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 AED 000	2020 AED 000
ASSETS			
Non-current assets			
Property, plant and equipment	8	33,491	34,720
Investment properties	9	39,746	34,066
Right-of-use assets	10	34,924	42,174
Deferred tax asset	23	1,094	1,340
		109,255	112,300
Current assets			
Inventories	11	27,750	27,167
Trade and other receivables	12	51,795	42,688
Investments at fair value through profit or loss	13	15,931	15,773
Due from a related party	24	-	268
Cash and cash equivalents	14	11,359	12,894
		106,835	98,790
TOTAL ASSETS		216,090	211,090
EQUITY AND LIABILITIES			
Equity			
Share capital	15	32,368	32,368
Statutory reserve	16	2,366	2,366
Restricted reserve	17	792	792
Revaluation surplus	18	6,646	6,188
Accumulated losses		(4,939)	(15,559)
Total equity		37,233	26,155
Non-current liabilities			
Employees' end of service benefits	19	6,892	6,974
Lease liabilities	20	26,386	33,825
Long-term borrowings	21	15,990	21,450
		49,268	62,249
Current liabilities			
Short-term borrowings	21	58,251	63,041
Trade and other payables	22	56,688	46,821
Due to related parties	24	-	531
Lease liabilities	20	13,995	12,169
Provision for income tax	23	655	124
		129,589	122,686
Total Liabilities		178,857	184,935
TOTAL EQUITY AND LIABILITIES		216,090	211,090


 Director


 Director

14 MAR 2022

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	<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	32,368	2,366	792	6,188	(15,559)	26,155
Profit for the year	-	-	-	-	10,620	10,620
Other comprehensive income	-	-	-	458	-	458
Total comprehensive income for the year	-	-	-	458	10,620	11,078
Balance as at 31 December 2021	32,368	2,366	792	6,646	(4,939)	37,233

	<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	32,368	2,366	792	6,188	(19,129)	22,585
Profit for the year	-	-	-	-	3,570	3,570
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	3,570	3,570
Balance as at 31 December 2020	32,368	2,366	792	6,188	(15,559)	26,155

The attached notes 1 to 30 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Notes	2021 AED'000	2020 AED'000
OPERATING ACTIVITIES			
Profit for the year before tax		11,521	2,979
Adjustments for:			
Depreciation	8	4,883	5,175
Depreciation on right-to-use assets	10	9,390	10,465
Expected credit losses on trade receivables	12	521	933
Dividend Income	7	(454)	(230)
Gain on fair value of investment properties	9	(3,291)	(1,366)
Gain on fair valuation of investments	13	(158)	488
Gain on disposal of property, plant and equipment		(22)	(39)
Finance costs, net		7,577	9,450
Provision for employees' end of service benefits	19	1,086	760
Retirement of leases		(3)	(273)
		31,050	28,342
Working capital changes:			
Inventories		(583)	2,670
Trade and other receivables		(9,628)	13,753
Due from a related party		268	(139)
Trade and other payables		9,867	(10,953)
Due to related parties		(531)	(849)
		30,443	32,824
Cash generated from operations		(1,168)	(1,079)
Employees' end-of-service benefits paid	19	(124)	-
Tax Paid	23		
Net cash generated from operating activities		29,151	31,745
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(3,697)	(4,405)
Placement of fixed deposits		274	(10,488)
Proceeds from disposal of property, plant and equipment		65	47
Dividend received		454	230
Net cash used in investing activities		(2,904)	(14,616)
FINANCING ACTIVITIES			
Borrowings, net		(11,413)	(8,728)
Finance cost paid		(5,466)	(6,889)
Lease liabilities paid	20	(11,792)	(13,796)
Net cash used in financing activities		(28,671)	(29,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,424)	(12,284)
Cash and cash equivalents at 1 January		(4,343)	7,941
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	(6,767)	(4,343)

The attached notes 1 to 30 form part of these consolidated financial statements.

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 Company and its subsidiary are collectively referred to as the “Group”.

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.

The consolidated financial statements have been approved by the Board of Directors on 14 March 2022.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), articles of association of the Company and applicable provisions of UAE Federal Law No. (2) of 2015.

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and investment at fair value through profit or loss that have been measured at fair value.

The consolidated financial statements have been presented in Arab Emirates Dirham (“AED”), which is the Company’s functional and presentation currency, and all the values are rounded to the nearest thousand (AED ‘000) except where otherwise stated.

Although the Group has accumulated losses and net current liability position as of 31 December 2021, the management of the Group is confident that the Group would be able to generate sufficient cash flows to meet its obligations through sustainable and profitable sales volume, continuing from trends for the year 2021.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021. 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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 BASIS OF CONSOLIDATION (continued)

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 statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

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 subsidiary to bring their accounting policies into 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.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective for annual period beginning on or after as of 1 January 2021, as listed below.

New and amended standards and interpretations

The following relevant amendments and interpretations to accounting standards were applied in the preparation of the consolidated financial statements of the Group.

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

The above amendments did not have any material impact on the Group's consolidated financial statements for the year ended 31 December 2021.

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 (effective for reporting periods beginning on or after 1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective annual reporting periods beginning on or after 1 January 2023)
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual reporting periods beginning on or after 1 January 2022).
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for annual reporting periods beginning on or after 1 January 2022).
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective for annual reporting periods beginning on or after 1 January 2022).

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards issued but not yet effective (continued)

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective for annual reporting periods beginning on or after 1 January 2022).
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective for annual reporting periods beginning on or after 1 January 2022).
- IAS 41 Agriculture – Taxation in fair value measurements (effective for annual reporting periods beginning on or after 1 January 2022)
- Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual reporting periods beginning on or after 1 January 2023).
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual reporting periods beginning on or after 1 January 2023).

Management does not expect any impact on the future consolidated financial statements when the Group adopt these new and amended standards when they become effective.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

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 current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 current when:

- It is expected to be settled in the 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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial instruments, such as financial assets at fair value through profit or loss, at fair value at each date of statement of financial position. 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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Fair value measurement (continued)

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 financial statements are categorized 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 at fair value 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. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Revenue from contracts with customers

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 Company 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 3.

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. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

(i) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Revenue from contracts with customers (continued)

- 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.

Dividend income

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

Rental income

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

Contract balances

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (I) Financial instruments – initial recognition and subsequent measurement.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated financial statements.

Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Foreign currencies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their 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. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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 the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group company

On consolidation, the assets and liabilities of foreign operation is translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in consolidated statement of income.

Property, plant and equipment

Property, plant and equipment are 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 depreciates them separately based on their specific useful lives.

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 income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of all property, plant and equipment as follows:

Buildings and improvements	30 years
Plant and equipment	10 – 20 years
Transportation and distribution equipment	3 - 6 years
Furniture, fixtures and office equipment	7 years

Land is not depreciated.

Capital-work in progress is stated at cost. When commissioned, capital work in progress is transferred to property, plant and equipment and depreciated in accordance with its estimated useful life.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Property, plant and equipment (continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

The residual values, useful lives and method of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Investment properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

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

Any gain or loss on disposal of an investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss. When the use of a properties change from owner-occupied to investment property, the property is reclassified as investment property and carried at fair value, subsequently. On the day of the transfer, any resulting fair valuation gain is carried as revaluation surplus under equity. Subsequent changes in the fair value are recorded in profit or loss. The revaluation surplus is transferred to retained earnings upon disposal/sale of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leases

Group as a lessee

Right-of-use assets – at cost

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 re-measurement 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. When the use of a right-of-use change from owner-occupied to investment property, the right-of-use is reclassified as investment property and carried at fair value, subsequently. On the day of the transfer, any resulting fair valuation gain is carried as revaluation surplus under equity. Subsequent changes in the fair value are recorded in profit or loss. The revaluation surplus is transferred to retained earnings upon disposal/sale of the investment property.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- | | |
|--------------------------------------|------------|
| ➤ Land, Buildings and infrastructure | 5-30 years |
| ➤ Vehicles | 3-5 years |

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Leases (continued)

Group as a lessee (continued)

Right-of-use assets – investment property

Right-of-use assets are classified as investment property, if those are held to earn rental income from sub-leasing, but not for use in the production or supply of goods or services or for administrative purposes. Right-of-use assets as investment properties are recognised and measured as per the Group's accounting policies for investment properties described above.

The right-of-use assets are also 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. 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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 equipment that are considered to be low value. 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.

Group as a lessor

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease.

At the commencement of a finance lease term, the Group records a finance lease receivable in the consolidated statement of financial position at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting the constant periodic rate of return on the lessor's net investment in the finance lease.

An operating lease is a lease other than a finance lease. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials, packaging materials, trading stocks, consumable stocks and, spare parts

The cost includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Cost is determined on a weighted average basis.

Finished goods and semi-finished goods

The cost of finished goods is arrived at on a weighted average cost basis and includes cost of direct materials and direct labor plus an appropriate share of production overheads based on normal operating capacity. Semi-finished goods are stated at cost of the materials and directly attributable overheads

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

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 plus, 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 as disclosed in 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Financial assets at amortised cost (debt instruments)

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

The Group's financial assets at amortised cost includes trade and other receivables and due from related parties.

Financial assets designated at fair value through profit and loss (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through profit and loss. The classification is determined on an instrument-by-instrument basis.

Gains and losses on fair valuation of these financial assets are recognised in profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established.

The Group elected to classify irrevocably its listed equity investment under this category.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

i) *Financial assets (continued)*

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.

Impairment

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 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 borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities, due to related parties and borrowings.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

ii) *Financial liabilities (continued)*

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

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 statement of profit or loss.

iii) *Offsetting of financial instruments*

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

Cash and term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits having maturity of one year, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts, if any.

Provisions

Provisions are recognised when the Company 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 Company 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 statement of income 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

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.

Earnings per share

The Group presents basic earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held (if any).

Government grants

Government grants are recognised at nominal value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, 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, which have the most significant effect 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.

Determining the lease term of contracts with renewal and termination options – Group as lessee

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.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on a portion of its property (buildings and land), classified as investment properties as does 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 constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments amounting to substantially all of the fair value of the commercial property, that it does not retain substantially all the risks and rewards incidental to ownership of these properties and accounts for the contract as investment properties.

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.

Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it 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 on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

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 described 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 that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of non-financial assets (continued)

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade receivables

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 are expected to deteriorate over the next year which can lead to an increased number of defaults in the construction and real estate sectors, 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. The information about the ECLs on the Group's trade receivables is disclosed in note 28.

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 applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the statement of financial position date, gross inventories at net realisable value were AED 29,152 thousands (2020: AED 28,452 thousands), and the provision for old and obsolete inventories was AED 1,402 thousands (2020: AED 1,285 thousands). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of income.

Useful lives of property and equipment

The Group's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<i>2021</i> <i>AED 000</i>	<i>2020</i> <i>AED 000</i>
<i>Type of revenue</i>		
Sale of goods - gross	309,269	287,730
Other	(59,171)	(50,572)
	<u>250,098</u>	<u>237,158</u>
 <i>Geographical market</i>		
United Arab Emirates	127,267	121,511
Oman	111,251	108,116
Other	11,580	7,531
	<u>250,098</u>	<u>237,158</u>
 <i>Timing of revenue recognition</i>		
At a point in time	<u>250,098</u>	<u>237,158</u>

The Group receives advances from its customers which are classified as contract liabilities and included under trade and other payables in Note 22. The amount billed under the contracts are recognised as trade receivables and disclosed in Note 12.

5 COST OF SALES

	<i>2021</i> <i>AED 000</i>	<i>2020</i> <i>AED 000</i>
Manufacturing:		
Raw material, packing materials and stores and spares consumed	111,787	99,405
Staff costs	8,009	7,716
Utilities	6,525	6,017
Depreciation (Note 8)	2,272	2,255
Other direct costs	5,519	4,655
	<u>134,112</u>	<u>120,048</u>
Changes in inventories of semi-finished and finished goods	1,181	(2,084)
(A)	<u>135,293</u>	<u>117,964</u>
 Trading:		
Inventories, beginning of the year	3,580	3,907
Purchases (including direct expenses)	27,952	33,177
Inventories, end of the year (refer to note 11)	(2,677)	(3,580)
(B)	<u>28,855</u>	<u>33,504</u>
(A) + (B)	<u>164,148</u>	<u>151,468</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2021

6 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
Staff salaries and benefits	38,064	39,711
Depreciation on right-of-use assets (Note 10)	9,390	10,465
Commercial vehicle expenses	8,584	8,681
Utilities	4,773	5,262
Depreciation (Note 8)	2,611	2,920
Advertisement and other selling expenses	212	434
Other expenses	9,660	9,727
	73,294	77,200

7 OTHER INCOME

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
Rental income	1,268	3,571
Dividend income	454	230
Sale of scrap	270	155
Net exchange gain	108	-
Miscellaneous income	21	38
	2,121	3,994

The rental income is earned from the lease of investment properties (Note 9) to third parties. Further, during the year, the Company has written back certain operating accruals amounting to AED 1,393 thousand (for the year ended 31 December: AED Nil) which are no longer payable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 PROPERTY, PLANT AND EQUIPMENT

	<i>Land & buildings AED</i>	<i>Plant & equipment AED</i>	<i>Transportation & distribution equipments AED</i>	<i>Furniture fixtures & equipment AED</i>	<i>Capital work in progress AED</i>	<i>Total AED</i>
Cost:						
At 1 January 2020	37,982	80,671	21,666	9,360	6,183	155,862
Additions	50	2,133	638	654	930	4,405
Transfer from capital work in progress	-	1,430	-	128	(1,558)	-
Disposals	-	(14)	(669)	(70)	-	(753)
At 31 December 2020	38,032	84,220	21,635	10,072	5,555	159,514
Additions	71	1,941	1,184	301	200	3,697
Transfer from capital work in progress	-	660	-	290	(950)	-
Transfer to investment property	(649)	-	-	-	-	(649)
Disposals	-	(745)	(693)	(104)	-	(1,542)
At 31 December 2021	37,454	86,076	22,126	10,559	4,805	161,020
Depreciation and Impairment:						
At 1 January 2020	33,827	63,242	14,769	8,526	-	120,364
Charge for the year (1)	278	2,328	1,724	845	-	5,175
Disposals	-	(14)	(661)	(70)	-	(745)
At 31 December 2020	34,105	65,556	15,832	9,301	-	124,794
Charge for the year (1)	279	2,325	1,617	662	-	4,883
Relating to transfer to investment property	(649)	-	-	-	-	(649)
Disposals	-	(721)	(678)	(100)	-	(1,499)
At 31 December 2021	33,735	67,160	16,771	9,863	-	127,529
Net carrying amounts						
At 31 December 2021	3,719	18,916	5,355	696	4,805	33,491
At 31 December 2020	3,927	18,664	5,803	771	5,555	34,720

8 PROPERTY, PLANT AND EQUIPMENT (continued)

(1) Depreciation charge for the year has been allocated to profit or loss as follows:

	<i>2021</i> <i>AED'000</i>	<i>2020</i> <i>AED'000</i>
Cost of Sales (Note 5)	2,272	2,255
Administrative, selling and distribution expenses (Note 6)	2,611	2,920
	<u>4,883</u>	<u>5,175</u>

- (2) The Government of Dubai has granted land to the Group to construct manufacturing facilities. This land was recorded at a nominal value.
- (3) Buildings include certain buildings constructed on land leased to the Group. The lease is renewable every year and management believe that the lease would be available to the Group on an on-going basis in the foreseeable future.
- (4) Capital work in progress represents costs incurred towards construction of warehouses and cooling system for the plant.
- (5) The Group continues to use fully depreciated property, plant and equipment having cost of AED 104,739 thousand (2020: AED 103,547 thousand).
- (6) During the year the Group has reallocated the use of one of its building in order to generate rent. The building which is fully depreciated has been reclassified to investment properties.

9 INVESTMENT PROPERTIES

Investment properties comprise a labour accommodation, a warehouse and a right-of-use of land that are leased to third parties under operating lease arrangement.

	<i>Right-of-use asset AED'000</i>	<i>Warehouses AED' 000</i>	<i>Labor accommodation AED' 000</i>	<i>Total AED' 000</i>
Balance as at 1 January 2020	-	12,000	20,700	32,700
Gain / (loss) on fair valuation of investment properties	-	1,848	(482)	1,366
Balance as at 1 January 2021	-	13,848	20,218	34,066
Reclassified from right-of-use assets (Note 10)	2,389	-	-	2,389
Gain / (loss) on fair valuation of investment properties	-	5,216	(1,925)	3,291
Balance as at 31 December 2021	<u>2,389</u>	<u>19,064</u>	<u>18,293</u>	<u>39,746</u>

During the year, the Group has transferred a portion of right-of-use assets and a warehouse to investment property resulting from change in use of that assets to be sub-leased for a period of 10 years. On transfer, the portion of right-of-use assets was fair valued and the fair value gain of AED 458 thousand is recognised in other comprehensive income, however, the fair value of the warehouse transferred is assessed to be Nil.

9 INVESTMENT PROPERTIES (continued)***Measurement of fair value******Fair value hierarchy***

The fair value of investment properties was determined by an external, independent property valuer as at 31 December 2021, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Related lease terms range from one year to five years renewable at mutually agreed terms.

The fair value measurement for both of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs***Labour accommodation***

Income method approach was used to determine the fair value of labour accommodation. This valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate and expected maintenance costs. The expected net cash flows are discounted using a risk adjusted discount rate. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease term.

During the year, 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 (31 December 2020: AED Nil) relating to labor accommodation is recognised.

Warehouse building and right-of-use assets classified as investment properties

The warehouse as well and right-of-use assets classified as investment properties has been revalued by an external independent valuer at comparative market values of similar properties available for lease within Al Qouz Industrial Area 1. Income method approach was used to determine the fair value of investment properties which includes warehouse, building and land associated with these. This valuation model considers the present value of net cash flows to be generated from the property, considering the expected rental growth rate, void periods, occupancy rate and expected maintenance costs. The expected net cash flows are discounted using a risk adjusted discount rate. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease term.

Significant unobservable inputs used in the income capitalisation technique include:

- Void periods — 3 % of market rent for leased property and 5 % of market rent for self-used property
- Expected maintenance costs 5% of market rent for labor accommodation and none for warehouse building since all the maintenance costs to be borne by the tenant as per the agreement.
- Risk-adjusted discount rates 9 %

In use of this valuation, the valuer and the management has also analysed the market evidence of similar properties available for lease in the subject area to arrive at fair value.

10 RIGHT-OF-USE ASSETS

	2021 AED 000	2020 AED 000
At 1 January	42,174	53,360
Additions during the year	4,185	3,772
Less: depreciation for the year (Note 6)	(9,390)	(10,465)
Less: retirements during the year	(114)	(4,493)
Less: reclassified to investment properties (see below)	(1,931)	-
At the end of the year	34,924	42,174

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10 RIGHT-OF-USE ASSETS (continued)

	2021 AED 000	2020 AED 000
Right-of-use assets reclassified to investment property (see above)	1,931	-
Revaluation gain on classification to investment property recognised in equity through other comprehensive income	458	-
Right-of-use assets reclassified to investment property at fair value	2,389	-

The Group has lease contracts for various items of land, buildings and motor vehicles which has been considered as per IFRS 16. In an operating lease, the leased items were not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term.

11 INVENTORIES

	2021 AED'000	2020 AED'000
Raw materials and packing materials	12,108	10,273
Finished goods	6,148	5,111
Trading goods (Note 5)	2,677	3,580
Semi-finished goods	615	471
Consumables stores and spare parts	6,212	6,129
	27,760	25,564
Less: Provision for slow-moving inventories	(1,402)	(1,285)
	26,358	24,279
Goods-in-transit	1,392	2,888
	27,750	27,167

A reconciliation of the movements in the provision for slow moving inventories is as follows:

	2021 AED 000	2020 AED 000
At 1 January	1,285	1,184
Provision recorded during the year (included as part of cost of sales)	117	109
Inventories written off	-	(8)
At 31 December	1,402	1,285

12 TRADE AND OTHER RECEIVABLES

	2021 AED 000	2020 AED 000
Trade receivables	66,078	59,005
Less: Provision for expected credit losses	(23,542)	(23,021)
	42,536	35,984
Prepayments	3,040	2,675
Advances to Suppliers	3,317	1,647
Other Receivables	2,902	2,382
	51,795	42,688

12 TRADE AND OTHER RECEIVABLES (continued)

Movements in provision for expected credit losses for the year were as follows:

	2021 AED 000	2020 AED 000
Balance as at 1 January	23,021	22,088
Net measurement of additional loss allowance	521	933
Balance as at 31 December	23,542	23,021

The information about the credit risk exposures and related expected credit losses are disclosed in Note 28.

13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 AED'000	2020 AED'000
Balance at 1 January	15,773	16,261
<i>Included in profit or loss:</i>		
Change in fair value	158	(488)
Balance at 31 December	15,931	15,773

Investments represents unquoted equity instruments of an entity operating in dairy and poultry industry. The fair value of the investment was determined by management using capitalisation of future maintainable earnings of the investee using a market valuation multiple based on comparable entities. Valuation 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. Refer to note 29 for disclosure on fair value hierarchy of investments.

14 CASH AND CASH EQUIVALENTS

	2021 AED 000	2020 AED 000
Cash in hand	979	531
Bank balances	10,380	12,363
	11,359	12,894
Bank overdrafts (Note 21)	(7,912)	(6,749)
Fixed deposits	(10,214)	(10,488)
Cash and cash equivalents	(6,767)	(4,343)

Bank balances include fixed deposits of AED 10,214 thousand having an original maturity of one year (2020: AED 10,488 thousand, having an original maturity of one year) and carry interest at normal commercial rates.

15 SHARE CAPITAL

	2021 AED 000	2020 AED 000
<i>Authorised, issued and fully paid up</i>		
32,368 thousand ordinary shares of AED 1 each		
(31 December 2020: 32,368 thousand shares of AED 1 each)	32,368	32,368

Dividend declared

At the Annual General Meeting held on 18 April 2021, no dividend was approved for the year ended 31 December 2020. (At the Annual General Meeting held on 23 April 2020, no dividend was approved for the year ended 31 December 2019).

Directors' fee

At the Annual meeting held on 18 April 2021, no director's fee was approved for the year ended 31 December 2020. At the Annual meeting held on 23 April 2020, no director's fee was approved for the year ended 31 December 2019.

16 STATUTORY RESERVE

As required by the U.A.E. Federal Law No. (2) of 2015, 10% of the profit of the Company for the year is required to be transferred to the statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve equals 50% of the nominal value of the paid-up share capital. During 2021, no transfer (2020: AED Nil) has been made to statutory reserve since the Company has incurred accumulated losses in the previous years. The statutory reserve is not available for distribution.

17 RESTRICTED RESERVE

As required by the Law of the country where the subsidiary company is registered, 10% of the profit of the subsidiary for the year is required to be transferred to the statutory reserve (referred as 'Restricted reserve'). The Subsidiary may resolve to discontinue such annual transfers when the reserve equals 33% of the nominal value of the paid-up share capital of the subsidiary. During 2021, no transfer (2020: AED Nil) has been made to statutory reserve since the reserve already reached 33% of the nominal value of the paid-up share capital of the subsidiary. The statutory reserve is not available for distribution.

18 REVALUATION SURPLUS

The revaluation surplus included in equity is in respect of a labour accommodation building that was revalued at the time of transfer of the property to investment properties in an earlier year. The amount of surplus is non-distributable and is transferable to retained earnings upon disposal or otherwise derecognition of the related property. During the year, a portion of right-of-use assets has been reclassified to investment properties at fair value and gain on fair value of AED 458 thousand on the date of transfer has been routed through other comprehensive income as revaluation surplus (Refer note 10).

Movements in Revaluation Surplus in the statement of financial position are as follows:

	2021 AED 000	2020 AED 000
At 1 January	6,188	6,188
Gain on fair valuation of right-of-use asset on transfer to investment property (Note 10)	458	-
At 31 December	6,646	6,188

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19 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2021 AED 000	2020 AED 000
At 1 January	6,974	7,293
Provided during the year	1,086	760
Paid during the year	(1,168)	(1,079)
At 31 December	6,892	6,974

The Federal Decree Law no. 33 of 2021 has undergone significant amendment subsequent to reporting date requiring changes primarily in labor contracts and employees' end of service benefits. The management believes that the provision for employees end of services benefits would be higher by approximately 5% of existing provision.

20 LEASE LIABILITIES

	2021 AED 000	2020 AED 000
At 1 January	45,994	58,223
Additions during the year	4,186	3,772
Add: finance cost (Note 21)	2,110	2,561
Less: payments during the period	(11,792)	(13,796)
Less: retirements during the year	(117)	(4,766)
At 31 December	40,381	45,994

Presented on consolidated statement of financial position as follows:

	2021 AED 000	2020 AED 000
Current	13,995	12,169
Non-current	26,386	33,825
At 31 December	40,381	45,994

21 BORROWINGS

	2021 AED 000	2020 AED 000
Long term borrowings:		
Term loan	41,465	39,654
Less: short term portion of term loan	(25,475)	(18,204)
Long term portion of term loan	15,990	21,450

21 BORROWINGS (continued)

	2021 AED 000	2020 AED 000
Short term borrowings:		
Trust receipts	24,864	38,088
Bank overdrafts	7,912	6,749
Current portion of term loans	25,475	18,204
	58,251	63,041

During the year, the Group converted the outstanding balance of invoice discounting of AED 25 million into 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

Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.

Term loan is also subject to certain financial covenants including minimum tangible net worth of AED 27 million, current ratio of 1.0, debt to EBITDA 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. The Group has obtained a covenants waiver from the bank for not cancelling or accelerating the term loan due to non-compliance of financial covenants as of and for the year ended 31 December 2021, until the audited consolidated financial statements of the Group for the year ended 31 December 2021 are available.

Finance costs, net incurred by the Group is as follows:

	2021 AED 000	2020 AED 000
Term loan	2,082	2,238
Trust receipts	2,063	2,879
Bank overdrafts	282	334
Interest on lease liabilities (Note 20)	2,110	2,561
Other charges	1,244	1,706
Interest received on fixed deposits	(204)	(268)
	7,577	9,450

22 TRADE AND OTHER PAYABLES

	2021 AED 000	2020 AED 000
Trade payables	44,640	38,454
Accruals and other payables	8,959	7,862
Advances received	2,753	44
VAT Payable	251	205
Dividend payable	85	256
	56,688	46,821

23 INCOME TAX

The Group is not subject to tax in the UAE. The provision for taxation is in respect of the Group's operations carried out by the subsidiary in the Sultanate of Oman ("Oman"). The Subsidiary is liable to income tax in accordance with the income tax laws of the Sultanate of Oman.

The major components of income tax expense for the years ended 31 December 2021 and 2020 are:

	2021 AED 000	2020 AED 000
<i>Current income tax</i>		
Current income tax charge – relating to current year	655	139
– relating to prior years	-	(1,002)
	655	(863)
<i>Deferred income tax</i>		
Deferred tax	246	272
Tax expense / (credit)	901	(591)

Reconciliation of deferred tax asset:

	2021 AED 000	2020 AED 000
Balance at the beginning of the year	1,340	1,612
Tax expense during the year recognised in income statement	(246)	(272)
	1,094	1,340

Deferred tax asset of AED 1,094 thousand as of 31 December 2021 (2020: AED 1,340 thousand), relate to temporary timing differences of AED 7,293 thousand (2020: relate to unused carried forward tax losses and other temporary differences of AED 8,933 thousand), at the prevailing tax rate based on the management's assessment to utilize against expected tax profits in following years.

Following is the reconciliation of tax on accounting profit and taxable profit:

	2021 AED 000	2020 AED 000
Profit for the year before taxation	11,521	2,979
Adjustment for (profit)/loss for the year before taxation from non-tax jurisdiction	(6,936)	1,129
Net taxable income	4,585	4,108
Income tax as per tax rates of 15%	688	616
<i>Tax effect of:</i>		
Disallowed costs/expenses, net	(33)	45
Carried forward losses utilised	-	(522)
Current year income tax charge - 15%	655	139

23 INCOME TAX (continued)

	2021 AED 000	2020 AED 000
Movements in the provision during the year		
Balance at the beginning of the year	124	987
Charge during the year	655	(863)
Payment during the year	(124)	-
	<u>655</u>	<u>124</u>

The company's tax assessments have been completed by the tax authorities up to tax year 2017. Final assessment has been issued till the year 2017, without any additional liability and a tax. Accordingly, the management has reversed such provision of AED 987 thousand during the year 2020. The management believes that additional taxes, if any, that may become payable on the finalisation of the assessments for open tax years would not be material to the Company's financial position as at 31 December 2021.

In the opinion of the management the remaining provision for taxation of AED 655 thousand (31 December 2020: AED 124 thousand) as at reporting date is adequate to meet the Group's tax liabilities for tax periods of 2020 and 2019 (2020: for tax periods from 2018 and 2019) which are subject to final assessment.

24 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.

Significant related party transactions during the year were as follows:

	2021 AED 000	2020 AED 000
Other related parties:		
Purchases from related parties	<u>-</u>	<u>1,346</u>
Sales to related party	<u>-</u>	<u>832</u>

Compensation to key management personnel is as follows:

The remuneration of members of key management during the year was as follows:

	2021 AED 000	2020 AED 000
Short term benefits	1,592	1,605
Provision towards staff terminal benefits	104	58
	<u>1,696</u>	<u>1,663</u>

Balances with related parties included in the statement of financial position are as follows:

	2021 AED 000	2020 AED 000
Due from a related party – under common directorship	<u>-</u>	<u>268</u>

24 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2021 AED 000	2020 AED 000
Due to related parties – under common directorship	-	531
Other payables		
- Key management personnel	706	495

Other payables to key management personnel are included in other payables under ‘Trade and other payables’ (Note 22).

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2021, the Group has not recorded any impairment of amounts owed by related parties (2020: AED Nil). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate.

25 CONTINGENCIES AND COMMITMENTS

	2021 AED 000	2020 AED 000
Letters of guarantee	1,598	1,874
Letters of credit	-	7,430
	1,598	9,304

Legal cases

As at 31 December 2021, the Group has some 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 31 December 2021 (31 December 2020: Nil).

Capital Commitments

The capital commitments outstanding represents the costs to be incurred towards construction of warehouses and cooling system for the plant.

	2021 AED 000	2020 AED 000
Capital Commitments	4,342	4,543

Operating leases*i. Leases as lessee*

The Group recognises leases as operating lease for retail shops, office premises, warehouses and distribution vehicles when it typically run for a period of one year or less or is for a insignificant value.

ii. Leases as lessor

The Group has leased out a labour accommodation, a warehouse building and right-of-use of land classified as investment properties (refer note 9).

25 CONTINGENCIES AND COMMITMENTS (continued)**Future minimum lease payments**

At 31 December, the future minimum lease payments under non-cancellable leases are receivable as follows:

	<i>2021</i> <i>AED 000</i>	<i>2020</i> <i>AED 000</i>
Less than one year	2,535	3,800
One to five years	9,552	1,500
Over five years	13,835	-
	<u>25,922</u>	<u>5,300</u>

26 BASIC EARNINGS PER SHARE

	<i>2021</i>	<i>2020</i>
Net profit attributable to owners of the Company (AED '000)	<u>10,620</u>	<u>3,570</u>
Weighted average number of shares outstanding	<u>32,368</u>	<u>32,368</u>
Earnings per share - basic (AED)	<u>0.33</u>	<u>0.11</u>

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

27 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 consolidated statement of financial position, consolidated income statement, consolidated statement of profit or loss and other comprehensive income and notes to the consolidated financial statements.

IFRS also requires 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.

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

Major customers

During the year ended 31 December 2021 there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (2020: Nil).

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, lease liabilities, due to related parties and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, due from related party, investments at fair value through profit or loss and bank balances that derive directly from its operations.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Group is exposed to interest risk, credit risk, liquidity risk, market risk and operational risk. The Board of Directors has the overall responsibility for the Group and oversight of the Group's risk management framework. Group's senior management are responsible for developing and monitoring the Group's risk management policies and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. This note presents information relating to the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group is exposed to interest risk on its interest bearing assets and liabilities (bank deposits and bank borrowings respectively).

The following table demonstrates the sensitivity of the statement of comprehensive income to reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the consolidated statement of comprehensive income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December 2021 and 31 December 2020.

There is no impact on the Group's equity.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit for the year AED'000</i>
2021	+100	(640)
	-100	640
2020	+100	(740)
	-100	740

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Group manages its credit risk exposure through diversification of its investments and deposits to avoid concentration of risk with institutions or group of institutions in specific location or business.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2021 and 2020 is the carrying amounts of the financial assets as follows:

	2021 AED 000	2020 AED 000
Trade and other receivables excluding prepayments and advances	45,438	38,366
Bank balances	10,380	12,363
Due from related parties	-	268
	55,818	50,997

Bank balances

The Group seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks.

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)***Trade and other receivables*

The Group seeks to limit its credit risk with respect to trade receivables by continuously monitoring the terms of the payments for the outstanding amounts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

31 December 2021

	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired				
			<30 days AED'000	30 to 60 days AED'000	61 to 90 days AED'000	91 to 120 days AED'000	>120 days AED'000
Expected credit loss rate	36%	3%	5%	13%	37%	58%	66%
Estimated total gross carrying amount at default	66,078	19,154	11,353	1,587	834	215	32,935
Expected credit loss	23,542	533	514	199	307	124	21,865

31 December 2020

	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired				
			<30 days AED'000	30 to 60 days AED'000	61 to 90 days AED'000	91 to 120 days AED'000	>120 days AED'000
Expected credit loss rate	39%	5%	6%	7%	7%	18%	63%
Estimated total gross carrying amount at default	59,005	8,295	6,708	4,962	3,592	1,861	33,587
Expected credit loss	23,021	440	385	339	242	327	21,288

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)***Trade and other receivables (continued)*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Due from related parties

Due from related party relates to transactions arising in the normal course of business with minimal credit risk.

Liquidity risk

The Group limits its liquidity risk by retaining sufficient funds generated from its operations. Accounts payable are settled on normal credit terms agreed with suppliers. The table below summarizes the maturities of the Group's undiscounted financial liabilities at the reporting date, based on contractual payment dates.

31 December 2021

	<i>less than 3 months AED'000</i>	<i>4 to12 months AED'000</i>	<i>1-5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total amount AED'000</i>
Bank borrowings	39,398	20,077	16,198	-	75,673
Trade and other payables	336	53,599	-	-	53,935
Lease liabilities	2,467	10,415	14,346	16,138	43,366
	<u>42,201</u>	<u>84,091</u>	<u>30,544</u>	<u>16,138</u>	<u>172,974</u>

31 December 2020

	<i>Less than 3 months AED'000</i>	<i>4 to12 months AED'000</i>	<i>1-5 years AED'000</i>	<i>More than 5 years AED'000</i>	<i>Total amount AED'000</i>
Bank borrowings	20,285	45,035	22,450	-	87,770
Trade and other payables	-	46,777	-	-	46,777
Due to related parties	531	-	-	-	531
Lease liabilities	3,504	8,849	21,481	16,572	50,406
	<u>24,320</u>	<u>100,661</u>	<u>43,931</u>	<u>16,572</u>	<u>185,484</u>

29 FAIR VALUE MEASUREMENT**Financial risk management**

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 and loss. Financial liabilities consist of borrowings, trade and other payables, lease liabilities and due to related parties. The fair values of financial instruments are not materially different from their carrying values.

29 FAIR VALUE MEASUREMENT (continued)**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 2021, the Group held the following assets are measured at fair value:

Assets measured at fair value

	<i>31 December 2021 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Investments at fair value through profit or loss	<u>15,931</u>	<u>-</u>	<u>-</u>	<u>15,931</u>
Investments properties	<u>39,746</u>	<u>-</u>	<u>-</u>	<u>39,746</u>
	<i>31 December 2020 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Investments at fair value through profit or loss	<u>15,773</u>	<u>9</u>	<u>-</u>	<u>15,764</u>
Investment properties	<u>34,066</u>	<u>-</u>	<u>-</u>	<u>34,066</u>

30 SUBSEQUENT EVENTS

There were no material events after the reporting date which could require adjustments or disclosures in these consolidated financial statements.



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

**Corporate Governance Report of
Unikai Foods PJSC
For the year ended December 31st, 2021**



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

Unikai Foods (P.J.S.C) is a public shareholding company incorporated on 11th April, 1977 by an Emiri Decree issued by His Highness the late Sheikh Rashid bin Saeed Al Maktoum "then ruler of Dubai". Unikai foods is committed in its performance to the highest standards of governance with a focus on transparency, fair business deals, and compliance with laws & regulations issued by the Securities and Commodities Authority.

The following are the applications of the Board of Directors of Unikai Foods PJSC for the most important provisions of governance in line with the requirements of Federal Law No. (2) of 2015 and amendments through Federal decree law no. (26) of 2020 and the Authority's Board Decision No. (3 / R.M) of 2020 regarding the adoption of the Governance Manual for Public Joint Stock Companies:

1) Procedures implemented to complete the corporate governance system during 2021:

- Amending the Article of Association of Company to conform to the rules of corporate governance and companies' law.
- Functions of the Audit committee have been performed by the committee members.
- Functions of the Nomination and Remuneration Committee have been performed by the committee members.
- Functions of testing and strengthening the internal control of the company were performed.
- Functions related to Investor's relationship and follow-up and supervision committee on insider transactions, were undertaken.
- The Board of Directors commitment to the disclosure of their trading transactions and the trading of their first degree relatives of Unikai shares.
- Regular updating of the electronic database on the Company's website in order to provide the utmost transparency required to provide a safe environment for investors and shareholders.
- Periodic disclosure of quarterly and annual financial statements of the Company, meetings of the Board of Directors and the General Assembly within the permitted legal timeline, in addition to adherence to all the rules regulating this field.
- In addition, the company continues to review its internal systems in order to introduce the procedures required by the aforementioned decision for full and continuous compliance to the circulars issued by the Securities and Commodities Authority regarding corporate governance rules.

2) Ownership and trading transactions of the Board of Directors, and their first-degree relatives in the company securities during 2021:

Unikai Foods has set a work policy for governing the transactions of the members of the Board of Directors in the securities issued by the company, where the company's articles of association have been amended and the contribution of the citizens of the GCC countries may be less than 29% and the contribution of the citizens of the UAE shall not be less than 51%, while foreigners may not participate with more than 20% of the company's capital.



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Members of the Board of Directors who have transactions related to shares issued by Unikai Foods PJSC must disclose their transactions on an annual basis, where the disclosure is made according to the form prepared for that which includes the nature of the transaction, whether buying or selling shares, as well as the date of the transaction, the amount of shares and the price.

Board Member	Position/relative relationship	Owne d shares as of 31/12/21	Total sale	Total purchase
Mr. Mana Mohammed Saeed Al Mulla	Chairman	3,745	0	0
Mr. Osama Ibrahim Ahmed Seddiqi	Vice-Chairman	0	0	0
Mr. Abdulla Essa Mohamed Al Zaabi	Board Member	0	0	0
Mr. Majed AbdulKarim Mohammad Julfar	Board Member	0	0	0
Mr. Mish'al Mohamed Abdulla Moosa	Board Member	0	0	0
Mr. Salim Sultan Omran Alowais (Resigned)	Board Member	0	0	0
Mr. Adil Saleh Mohamed Al Ali	Board Member	0	0	0

During the year 2021, there were no transactions in the Company's shares by any of the members of the Board of Directors or their first-degree relatives.

3) Formation of the Board of Directors:

A. Statement of the current Board formation:

The Board of Directors of Unikai Foods PJSC consists of seven members who have experience in the field of the company's activity in addition to experience in accounting, financial matters, banking operations and business administration.

They further have the necessary experience to make prudent decisions.

The Board of Directors consists of non-executive members and independent members, whereby the formation of the Board of Directors considers the appropriate balance among the members, so that most of the members are independent members.

Board member	Category (executive, non-executive, and independent)	The period of tenure as a Board member from the date of first election
Mr. Mana Mohammed Saeed AlMulla	Non-Executive/ Non-independent	8 years
Mr. Osama Ibrahim Ahmed Seddiqi	Non-Executive / Independent	5 years
Mr. Abdulla Essa Mohamed Al Zaabi	Non-Executive / Independent	8 years
Mr. Majed Abdul Karim Mohammad Julfar	Non-Executive / Independent	8 years
Mr. Mish'al Mohamed Abdulla Moosa	Non-Executive / Independent	5 years
Mr. Salim Sultan Omran Alowais*	Non-Executive / Independent	Resigned on 10 th August, 2021
Mr. Adil Saleh Mohamed Al Ali	Non-Executive / Independent	2 years

*Mr. Salim Sultan Omran Alowais resigned from membership of the Board due to personal reasons. The BOD accepted the resignation of Mr. Salim Al Owais on 10th Aug 2021.



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

Board Members experiences, qualifications and memberships at any other companies' Boards:

❖ Mr. Mana Mohammed Saeed Al Mulla

Chairman

Mr. Mana is a well-known business leader in the Middle East, with an extensive network of relationships with major firms and business communities across the UAE. Academically, he graduated with a BS degree in Business Administration from the University of Suffolk in Boston, USA.

- Mr. Mana is a member of the Board of Directors of Mohammed & Obaid Al Mulla LLC.
- Board Member of Emirates General Petroleum Corp. (Emarat).
- Board Member of Etihad Water and Electricity.

❖ Mr. Osama Ibrahim Ahmed Seddiqi

Vice Chairman

Mr. Osama holds a BA degree in Business Administration – USA and is currently holding the position of Vice Chairman at SEDDIQI HOLDING LLC. Mr. Osama is also the Chairman of the Retail Business Group of the Dubai Chamber of Commerce.

❖ Mr. Abdulla Essa Mohamed Al Zaabi

Board Director

Mr. Abdullah holds a BA degree from the American University and is currently holding the position of Corporate Affairs Director at Al Futtain Ventures.

❖ Mr. Majid Abdul Karim Julfar

Board Director

Mr. Majed holds a bachelor's degree in Computer Engineering from the University of South Kent - UK, Mr. Majed is the Director of Trade Credit Insurance & Export Financing at Etihad Credit Insurance (ECI) Mr. Majed has over 20 years of diverse experience in corporate and investment banking.

❖ Mr. Mish'al Mohammed Moosa

Board Director

Mr. Mish'al holds a BA degree in business administration from Bradford University - ACCA (Association of Chartered Certified Accountants) from FTC Kaplan, Leeds, UK. And currently is holding the position of Managing Director at Zain Property Developments LLC.



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❖ Mr. Adil Saleh Mohamed Abdalla Al Ali

Board Director

Mr. Adil holds a Master degree of business Administration in General Management from the Canadian University of Dubai and a BSc in Computing and Information Systems from University of Dubai. And currently is holding the position of Head of Telephone & Exchange at Dubai Police General Headquarter -General Operations Department "Dept. of Communications". He is also Member of the government committee at Capital Club Dubai and Member at Dubai Government Auctions and Vehicle Disposal Committee.

❖ Mr. Salim Sultan Omran Al Owais

Board Director

Mr. Salim holds a Master of Science in Engineering System Management and a Bachelor of Science in Mechanical Engineering from the American University of Sharjah (AUS). And currently is holding the position of Associate Project Manager at Dubai Future Foundation Dubai, UAE.

B. Female representation at the Board of Directors during 2021:

The current Board of Directors was elected during the 2020 Annual General Assembly by electronic voting.

Among the nominees were seven males and one female representation, whereas the shareholders' voting for the seven members in which the female candidate was not elected to the Board of Directors membership.

The Board has recently appointed a female board member, which will be presented to the Shareholders during the upcoming AGM for approval.

C. The reasons for not nominating any female candidate for the Board membership:

The Company's policy does not allow any discrimination between men and women, and there are no restrictions preventing women from nominating and holding any administrative, professional, leadership or membership positions of the Board of Directors, in line with international and national rules and regulations. In addition to the aforementioned, the company and the Board of Directors do not interfere in the nomination or election of members of the Board of Directors in any way, which is exclusively for the shareholders. During the year 2020, one female candidate nomination was received; however, the shareholders did not elect her to the membership of the Unikai's board.



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D. Statement of Board remunerations:

1. No remuneration was paid to the Board members for the year 2020 during the year 2021.
2. **Total remuneration proposed for the Board members for the year 2021, which will be presented at the annual general assembly meeting for approval:**
The Board has proposed an amount of AED 900,000 (AED 150,000 per board member) as remuneration for the Board of Directors for the year 2021 which will be presented at the annual general assembly meeting for approval.
3. There are no additional fees, allowances or salaries paid to any member of the Board of Directors, other than the allowances for attending committees.
4. **Details of the allowances for attending the sessions of the committees emanating from the Board, which were received by the Board members for the fiscal year 2021:**

Board Member	Allowances for attending sessions of the committees emanating from the Board				
	Audit Committee		Remco Committee		TOTAL
	Number of meetings	Remuneration	Number of meetings	Remuneration	
Mr. Osama Ibrahim Ahmed Seddiqi	4	60,000	-	-	60,000
Mr. Abdulla Essa Abdulla Al Zaabi	4	60,000	1	15,000	75,000
Mr. Majed Abdul Karim Julfar	4	60,000	1	15,000	75,000
Mr. Salim Sultan Omran Alowais			Absent	N/A	
Total		180,000		30,000	210,000

E. Board meetings held during 2021 fiscal year along with their convention dates, personal attendance times of all members, and members attending by proxy:

Ser	Date of meeting	Number of attendees	Attendees by proxy	Names of attendees by proxy	Names of absent members
1-	14/03/2021	6	1	Mr. Mana Mohammed Saeed Al Mulla	No absentees
2-	10/08/2021	5	-	-	Mr. Mish'al Mohammed Moosa Mr. Salim Sultan Omran Al Owais
3-	06/11/2021	5	-	-	Mr. Mana Mohammed Saeed Al Mulla
4-	26/12/2021	4	1	Mr. Abdulla Essa Abdulla Al Zaabi	Mr. Mish'al Mohammed Moosa



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F. The Board of Directors has not taken any resolution by circulation during the year 2021.

G. A statement of the tasks and competencies of the Board of Directors carried out by a member of the Board or the Executive Management during the year 2021 based on a delegation from the Board:

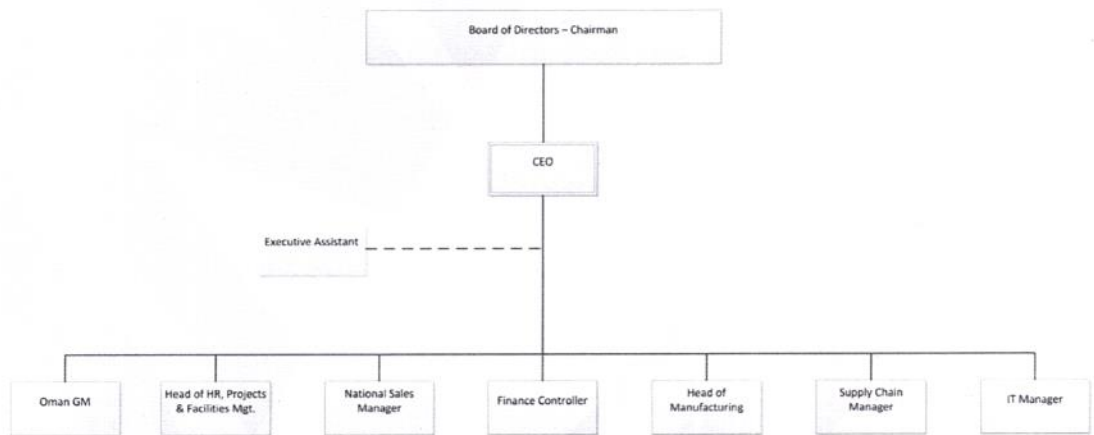
The Board of directors collectively exercised its powers in managing the company directly through periodic follow-up of the company's activity in the meetings of Board, and the Board of Directors did not delegate any of its powers to any of its members or to the executive management during the year 2021.

H. Statement of the details of transactions made with the related parties during 2021:

Ser.	Statement of related parties	Clarifying the nature of relationship	Value of transaction	Type of transaction
	N/A	N/A	N/A	N/A

I. The complete organizational structure of the company:

The company is managed at the administrative and operational levels by Board through the Company's CEO. The CEO acts according to the instructions and objectives set by the Board of Directors, and the CEO and his distinguished professional team of department managers, who practice their works as instructed by the CEO, assist him in his tasks according to the attached administrative structure.





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- J. A detailed statement of the senior executives in the first and second grade according to the company organizational structure, their positions and dates of their appointment, along with a statement of the total salaries and bonuses paid to them:

Position	Appointment Date	Total Salaries and allowances for 2021 (AED)	Total bonuses paid in 2021 (AED)	Any other cash/in-kind bonuses for 2021 or due in the future
CEO	1st Aug 2015	1,372,021	113,355 Pertaining to 2020	202,914
GM-Oman	1 st May 2020	694,095	33,536 Pertaining to 2020	49,628
Head of HR, Projects & Facilities Management	1 st May 2016	458,864	N/A	N/A
Head of Manufacturing	7 th Sep 2015	342,710	N/A	N/A
Financial controller	6 th June 2015	323,736	N/A	N/A
National Sales Manager (started in 2 nd Mar 2021)	2 nd Mar 2021	295,129	N/A	N/A
Supply Chain Manager	10th Mar 2012	179,400	N/A	N/A
IT Manager	16th Dec 2013	247,677	N/A	N/A

4) The External Auditor:

A. Overview of the external auditor:

In 2021, the general assembly of Unikai appointed Ernst & Young company (EY) as an external auditor for the purpose of conducting the financial auditing, in accordance with international standards of auditing, those standards require compliance with ethical requirements and plan, perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. EY is deemed one of the pioneering auditing companies all over the world. The MENA practice of EY has been operating in the region since 1923. Further, EY is a \$3.8b global organization that employs 261,559 professionals over 150 countries across the world.



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B. Fees and costs for the audit or services provided by the external auditor:

Name of the audit office and partner auditor	Ernst & Young - Partner auditor: Mr. Ashraf Abu Sharkh
Number of years as the company external auditor	Three Years
Total external auditor fees for 2021 in (AED)	AED 220,000
Fees and costs of other private services other than auditing the financial statements for 2021 (AED), if any, and in case of absence of any other fees:	Nil
Details and nature of the other services (if any). If there are no other services:	Nil
Statement of other services that <u>an external auditor</u> other than the company accounts auditor provided during 2021 (if any). In the absence of another external auditor, this matter is explicitly stated.	Nil

C. Statement of the qualified opinion of the company's external auditor in the interim and annual financial statements for 2021:

The external auditors did not have any reservations and gave a clean opinion and unqualified report for the interim / annual financial statements for 2021.

5) The Audit Committee:

- A. The Audit Committee Chairman's acknowledgment of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness:** Mr. Osama Seddiqi, Chairman of the Audit Committee, acknowledges his responsibility for the committee's system at the Company, his review of its work mechanism and for ensuring its effectiveness.



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B. Names of the Audit Committee members and clarifying their competences and tasks assigned to them.

Name	Category	Position in the company
Mr. Osama Seddiqi	Independent Board Director	Committee Chairman
Mr. Abdulla al Zaabi	Independent Board Director	Committee member
Mr. Majid Julfar	Independent Board Director	Committee member

The audit committee performed its assigned duties and responsibilities as follows –

- Contracted with an external auditor, monitored independence, discussed audit scope, reviewed the statements issued of the external auditor while ensuring a timely response from the finance and other departments to all inquiries and requirements presented by the external auditor.
- Monitored the accuracy and reliability of the financial statements and reports (annual, semi-annual and quarterly) of Unikai Foods PJSC and conducted reviews as part of the committee's regular duties including highlighting issues subject to the Board's assessment, Key amendments resulting from the audit, Assessing the going-concern assumption, Compliance with accounting standards as decided by competent authority, Compliance with the rules of listing and disclosure, as well as other legal requirements related to the preparation of financial reports.
- Held quarterly meetings with the external auditor to discuss the auditor's report as well as the quarterly and annual financial statements prior submission to the Board of Directors.
- Reviewed the financial control, internal control and risk management measures, as well as assessed the effectiveness of the Internal Control Department; assigned required resources and approved the internal audit plan and followed up on the implementation on a quarterly basis.



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- Coordinated with the company's Board of Director's, Executive Management, Financial Manager. The Committee shall meet at least once a year with the Company's external auditor.
- Ensured that the Board of Directors responds in a timely manner to the inquiries and material issues raised in the external auditor report.
- Developed the controls that secretly enable the Company's employees to report any potential violations in the financial reports, internal control or any other matters and the measures ensuring that independent and fair investigations of such violations are made.
- Monitored the company's compliance with the code of professional conduct.
- Ensured that the business rules related to the Audit committee obligations and the powers entrusted to the Audit Committee by the Board of Directors are implemented.

C. Meetings held by the Audit Committee during 2021, their dates and the members' personal attendance times in the held meetings:

Total Audit committee meetings in 2021 - 4		Attendees	Absentees
1-	17 th February, 2021	1- Mr. Osama Seddiqi 2- Mr. Abdulla alZaabi 3- Mr. Majid Julfar	-
2-	10 th May, 2021	1- Mr. Osama Seddiqi 2- Mr. Abdulla alZaabi 3- Mr. Majid Julfar	-
3-	5 th August, 2021	1- Mr. Osama Seddiqi 2- Mr. Abdulla alZaabi 3- Mr. Majid Julfar	-
4-	1 st November, 2021	1- Mr. Osama Seddiqi 2- Mr. Abdulla alZaabi 3- Mr. Majid Julfar	-



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6) The Nomination and Remuneration Committee:

- A. The Nomination and Remuneration Committee Chairman's acknowledgment of his responsibility for the Committee system at the company, his review of its work mechanism and ensuring its effectiveness. Mr. Abdulla Al Zaabi, Chairman of the Nomination and Remuneration Committee acknowledges his responsibility for the committee's system in the Company, his review of its work mechanism and for ensuring its effectiveness.
- B. Names of the Nomination and Remuneration Committee members and their competences and tasks assigned to them:

Name	Category	Position in the company
Mr. Abdulla al Zaabi	Independent Board Director	Chairman of the committee
Mr. Majid Julfar	Independent Board Director	Committee member
Mr. Salim Sultan Omran Alowais	Independent Board Director	Committee member (Resigned)

The Nomination and Remuneration Committee performed its assigned duties and responsibilities as follows:

- Monitored and reviewed the Company's structuring methods in line with the industry.
- Adhered to good corporate governance practices and reporting.
- Review the structure of the Board and make recommendations regarding possible changes
- Continually ensured that the independent Board members are actually independent.
- Ensure availability of continuity of the membership conditions in the Board members annually
- Developed and annually reviewed the policy of Remuneration, benefits, incentives and salaries related to the Company's Board members and employees. The Committee ensured that the Remuneration and benefits given to the Company's senior executive management are reasonable and commensurate with the Company's performance.
- Determined the Company's requirements of efficient and effective persons at the senior executive management and employees' levels and how shall they be selected.



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- Developed and monitored the implementation of policies and annually review the Company's HR policy and training.
- Organized and monitored the procedures for nomination to the Board membership in accordance with the applicable laws and regulations and the provisions thereof.

C. Meetings held by the REMCO Committee during 2021, and their dates, and the members' personal attendance in the held meetings:

Total REMCO meetings in 2021 - 1		Attendees	Absentees
1-	10 June, 2021	1- Mr. Abdulla al Zaabi 2- Mr. Majid Julfar	Mr. Salim Sultan Omran Alowais

7) Follow up and supervision on the insider's transactions:

A. Acknowledgment by the Committee Chairman or the authorized person of his responsibility for the Committee system at the Company, review of its work mechanism and ensuring its effectiveness:

Mrs. Samah Za'ab acknowledges her responsibility for the follow-up and supervision system on transactions of the insiders in the Company, and for reviewing its work mechanism and ensuring its effectiveness.

B. A Summary of the committee's work report during the year 2021:

During the year 2021, there is no transaction done by any insiders of the company.

8) Other committees approved by the Board:

There are no other Board committees at Unikai outside the above.

9) Internal Control System:

A. Unikai Foods Board of Directors recognizes its accountability for the company's internal control system, its assessment, and its performance. The internal control department's primary responsibility is to manage risks within the company and to properly apply governance rules to ensure compliance with applicable laws and regulations, as well as with the requirements of the Dubai Financial Market, the Securities and Commodities Authority.

B. Internal control/ audit department has been outsourced to Moore Stephens for 2020. Moore Stephens is present in UAE since 1999 with staff strength of 90 Chartered Accountants/Certified Public Accountants from Asia, Europe and the US. They have also been registered and approved by the Dubai Financial Services Authority to undertake audits of regulated companies in the Dubai International Financial Centre.



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Mr. Farad Lakdawala is the engagement partner with 30 years' experience in diverse fields of the profession. Mr. Shehzad is the partner and the engagement manager for Unikai also having close to 10 years of experience. The auditors submit quarterly reports on the internal controls for all the departments of the company under supervision of department director. For the year 2021, Moore Stephens have submitted two audit reports highlighting the key areas which need improvement. During 2021, all internal control recommendations have been implemented.

- C. The Board has appointed Mr. Rahul Sharma as Compliance Officer effective from 14th March 2021. He is a qualified Chartered Accountant holding a professional degree in accounting and auditing and wide experience in these fields and currently serves as the Financial Controller of the company.
- D. Moore Stephens issued two reports for to the Audit Committee in 2021, each of which includes a summary of its audit work in the company's various departments highlighting any issues, risk rating and managements comments to mitigate the risk. A detailed memo on resolving these issues/ implementing the recommendations highlighted by the internal audit reports was documented. During the year 2021, no major issues or violations were highlighted by them.
- E. Mr. Rahul Sharma has also been named as Chief Risk officer effective from 14th March 2021 and is responsible for developing and implementing a detailed risk management framework

10) Violations committed in 2021, explaining their causes, how to address them and avoid their recurrence in the future:

The company committed no violations during 2021. Company honored, followed and implemented all laws, and regulations applicable in the country, and complied with all laws, regulations, and circulars regarding Companies Law and related Ministerial Resolutions, with SCA & DFM regulations & procedures.

11) Statement of the cash and in-kind contributions made by the Company during 2021 in developing the local community and preserving the environment.

Company is aware of the necessity to contribute to the local community development, safety and environment policy, environmental objectives, including continuous improvements to combat pollution across all areas within the scope of the company's activities. During 2021, no such activity was undertaken by the company and plans to do so during 2022.

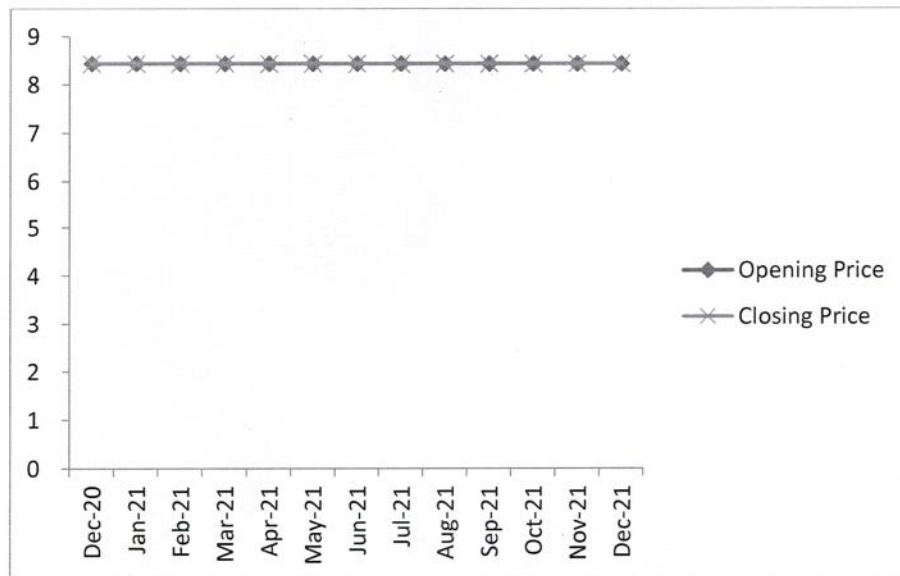


يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

12) General Information:

A. Statement of the company's share price in the market (closing price, highest price, and lowest price) at the end of each month during the fiscal year 2021.

Month	Opening Price	Highest Price	Lowest Price	Closing Price	No of Shares
Dec-20	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Jan-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Feb-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Mar-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Apr-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
May-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Jun-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Jul-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Aug-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Sep-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Oct-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Nov-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares
Dec-21	8.44	No Trade	No Trade	8.44	32,367,500 Shares

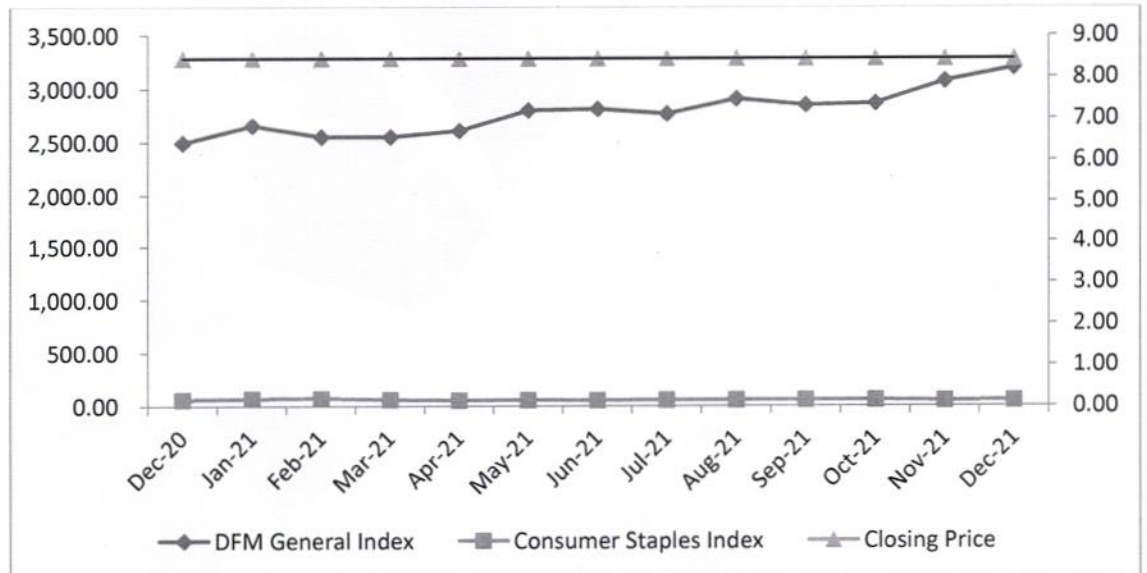




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B. Statement of the Company's comparative performance with the general market index and sector index to which the Company belongs during 2021:

Month	DFM General Index	Consumer Staples Index	Closing Price
Dec-20	2,491.97	61.57	8.44
Jan-21	2,654.06	68.74	8.44
Feb-21	2,551.54	73.11	8.44
Mar-21	2,550.23	59.89	8.44
Apr-21	2,605.38	55.24	8.44
May-21	2,797.52	56.74	8.44
Jun-21	2,810.56	55.59	8.44
Jul-21	2,765.71	57.87	8.44
Aug-21	2,902.97	58.16	8.44
Sep-21	2,845.49	57.87	8.44
Oct-21	2,864.21	57.80	8.44
Nov-21	3,072.91	52.97	8.44
Dec-21	3,195.91	51.99	8.44





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C. Statement of shareholders ownership distribution as on 31/12/2021:

Shareholder's classification	Percentage of owned shares			
	Individuals	Companies	Government	Total
Local	46.23	53.77		100.00
GCC	-	-	-	-
Arab	-	-	-	-
Foreign	-	-	-	-
Total	46.23	53.77		100.00

D. Statement of Shareholders owning 5% or more of the company's capital as on 31/12/2021:

Ser .	Name	Number of owned shares	Percentage of owned shares of the company's capital
1	Mohamed & Obaid Al Mulla LLC	9,406,049	29.06%
2	Mohamed Saeed Al Mulla & Sons LLC	3,762,334	11.62%
3	Heirs of Mr. Humaid Ali Abdulla-Al Owais	2,645,254	8.17%
4	Emirates Investment Bank PJSC	2,601,705	8.04%
5	Mrs. Moza Suwaidan Saeed Al Ajtabi	1,763,681	5.45%

E. Statement of shares distribution according to the volume of property as on 31/12/2021:

Ser.	Share (s) ownership	Number of shareholders	Number of owned shares	Percentage of owned shares of the capital
1	Less than 50,000	73	911,470	2.82%
2	From 50,000 to less than 500,000	24	4,665,049	14.41%
3	From 500,000 to less than 5,000,000	9	17,384,932	53.71%
4	More than 5,000,000	1	9,406,049	29.06%
	TOTAL	107	32,367,500	100.00%



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F. Statement of measures taken regarding the controls of investor relationships and an indication of the following:

Investor relations controls aim at promoting the implementation of the best practices in investor relations management so that investors can access these companies' material information and statements.

Investor relations controls are intended to upgrade quality and consistency in responding to inquiries from investors and analysts, promote international investment relations, and increase stakeholders' knowledge and understanding of performance statements through using the best means of communication, improving the brief reports submitted, and developing a sophisticated and more efficient structure for the interaction of the senior/executive management with market.

- Name of the investor relationships officer:

Mr. Ahmed Bedier has been assigned to carry out the responsibilities of the Investor Relations, where he can be reached at the following contact details:
P.O Box: 6424, Dubai, Tel: +971 4 5076866 Fax: +971 4 5076987
E-mail: investor.relations@unikai.com

- The link of investor relationships page on the Company's website. For investor relations matters please visit us at: <http://www.unikai.com/investor-relations>.

G. Special resolutions presented in the General Assembly held during 2021 and the procedures taken in this regard:

Approved the amendments of company's Articles of Association to comply with the requirements of SCA.

H. Rapporteur of the Board meetings and date of appointment:

Mrs. Samah Za'ab is the rapporteur of the Board meetings, The Board of Directors assigned Mrs. Samah on 21st March, 2020. She holds a BA degree in Educational Science, English language from An-Najah National University in Palestine – 2004.

Statement of her duties during the year: Forward the invitations for Board and committee meetings, finalizing the necessary disclosures for the Board meetings and financial statements, confirming the attendance of the present Board members, write down and file the minutes of meetings, and follow up the decisions issued thereon.



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I. Detailed statement of major events and important disclosures that the Company encountered during 2021:

- No major events and important disclosures that the Company encountered during 2021.

J. Statement of transaction of the company with related parties during 2021 that equals to 5% or more of the company share capital:

No transactions with the related parties that equal or are above 5% or more of the company share capital.

K. Statement of Emiratization percentage in the Company at the end of 2021 (workers are excluded for companies working in the field of contracting):

Year	UAE National	Total	Percent
2019	1	611	0.16%
2020	1	547	0.18%
2021	1	578	0.17%

L. Statement of innovative projects and initiatives carried out by the company or being developed during 2021:

The company has implemented multiple innovative projects during the year 2021 in terms of recipe optimization. We have also aligned our sugar contained beverages to no sugar added juices and drinks to promote healthier products and company awareness of its social and environmental responsibilities.

Signature of the
Chairman of the
Board

Signature of the
Audit committee
Chairman

Signature of the
Nomination &
Remuneration
committee
Chairman

Signature of the
Internal control
Manger

Date:

Date:

Date:

Date:





Sustainability Report 2021

About this report

We are presenting our annual sustainability report where we are showcasing our commitments towards improving our environmental, social and governance impacts. It contains insights into Unikai's Sustainability-related programs, achievements and performance.

Scope:

The report covers environmental, social, and governance performance of the company and its subsidiary in Oman for the period from 1st January 2021 to 31st December 2021, unless otherwise indicated.

GRI Guidelines:

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: (Core option). For further information and the GRI Content Index, please see Appendices A.

Where relevant, we have also linked our contribution to the United Nations Sustainable Development Goals (SDGs).

Comparable Data:

Most disclosures in this report cover historical data of 2020 and 2021, showcasing developments over time.

External Assurance:

We chose not to appoint an external party to audit our non-financial data for this report. We followed an internal assurance process to give our stakeholders confidence in the accuracy of the information reported.

Disclaimer:

This report contains certain forward-looking statements that express the way in which Unikai, and its Subsidiary intend to conduct its activities. These statements contain words such as "expect," "estimate," "intend," "plan," "project" or similar expressions. Such statements are 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 therefore not promises or guarantees of future conduct or policy, and thus Unikai and its Subsidiary assume no obligation to publicly update any statements made in this report. Unikai and its Subsidiary rely on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

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About Unikai

UNIKAI Foods PJSC is a 43-year-old Public Joint Stock Company listed in Dubai Financial Market. It was incorporated on 11 April 1977 by decree from His Highness, Sheikh Rashid Bin Saeed Al Maktoum, the Ruler of Dubai. The company is headquartered at Dubai, UAE with its operations in Gulf and other countries. The company is engaged in the manufacturing and distribution of dairy, juice & ice cream, rice, carbonated soft drinks, water and various other kinds of food products. The company holds 100% equity in its subsidiary Unikai Company LLC registered as a limited liability company in the Sultanate of Oman & Unikai International LLC.



Mission, Vision & Values

Mission



True to our heritage we are passionate about driving value for our consumers and stakeholders through convenient and innovative food & beverage lifestyle choices that nurture our community today and for generations to come.

Vision



To be the leading food and beverage lifestyle brand, providing happiness to our consumers by linking past & future generations.

Values

Integrity

Act honestly & ethically without any compromise in the best interest of our stakeholders. Show loyalty and mutual respect on every level.

Innovation

We are adapting to produce our heritage for modern lifestyle by acknowledging & understand our stakeholder's feedback. Encouraging & open to new ideas & continuous improvements & challenging the status quo.

Excellence

Always strive to be the best in all our actions.

Teamwork

Utilize Individual skills & expertise in collaborative way to achieve results of a common goal.

Commitment

Believing in what we do, taking full ownership of our actions & dedicating our efforts, time & energy to achieving the desired results. We promise to follow social responsibility by providing high quality of innovative products with world class service. Consistently dedicated to believing in what we do by holding ourselves responsible for achieving the desired results.

Team Work

Passionate about the well - being of our stakeholders by providing a motivational environment with a positive & joyful experience.

Our Products Range

Dairy

Dairy is the cornerstone of Unikai's range, including Fresh, Flavored and Long-Life Dairy. We have earned the trust of our consumers for more than 40 years and are among the leaders in UAE in a wide range of sub-categories.



Juice

Unikai is one of the regional pioneers in UHT juice, offering consumers a range of juices, nectars and drinks. Unikai's commitment has remained to develop healthier products and as a result, we have launched no sugar added beverages in our portfolio.



Ice Cream

We deliver a wide range of Ice cream products to consumers across the region. We have ice cream in all forms like bars, cones, tubs, cups and lollies.



Food

Another larger contributing sector for Unikai is Food segment where we have been delivering various food items ranging from cupcakes, oils, nuts to rice. Among food items, we have substantial market share in UAE in Rice.



Our Brands

Unikai has multi category product portfolio with **27** registered Brands.

Unikai Brands				
Areej 	Laban Drink 	UNIKAI 	Sambharam 	Laban Yellow 
Royal Treat 	Soft Scoop 	Ube 	Nutty Cone 	Shahi Kulfi 
Mumtaz 	Delite 	Tropical Fresh 	Lightning 	U 

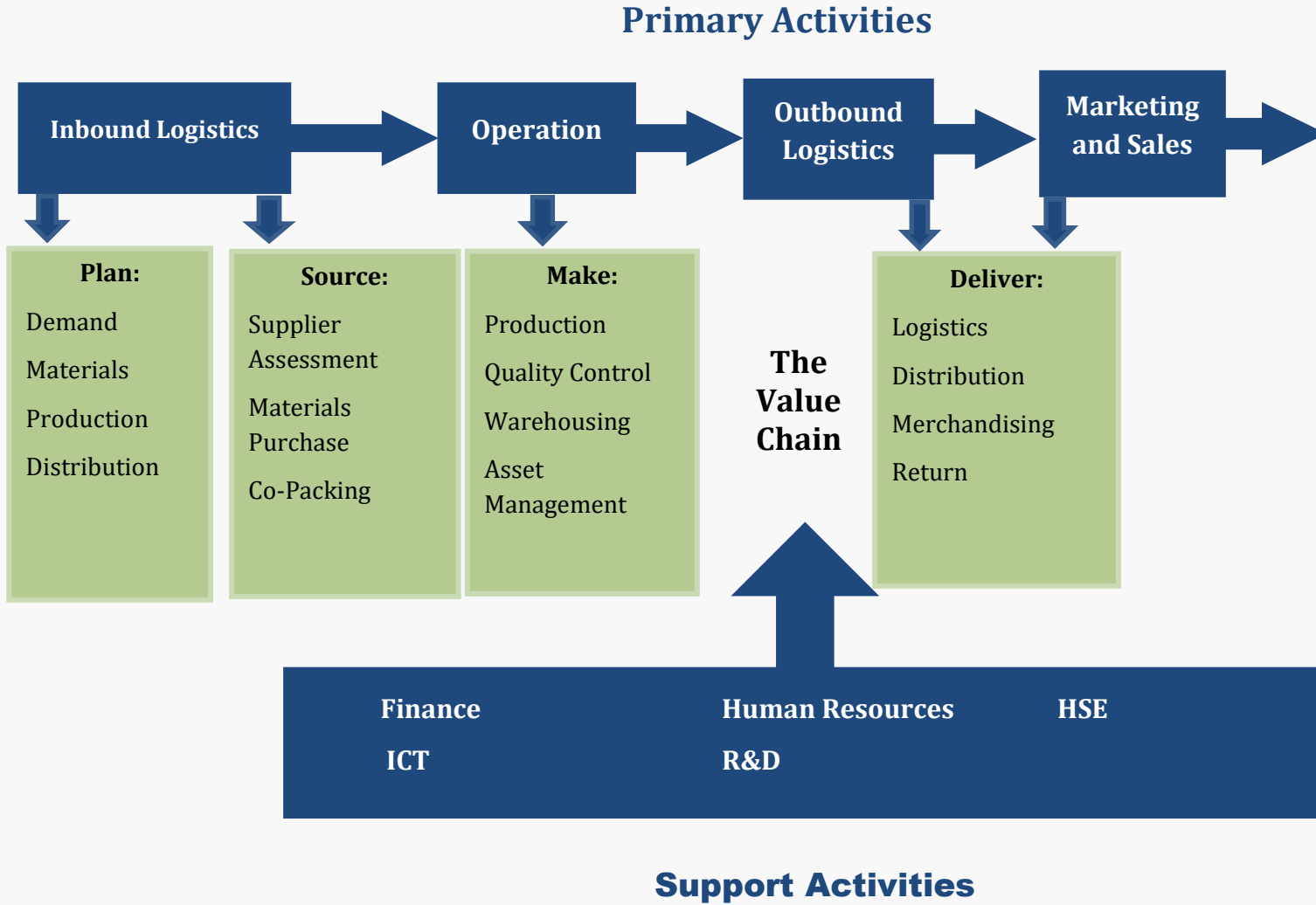
Award & Recognition

Unikai was awarded with the prestigious **Sheikh Khalifa Excellence Award (SKEA)** Silver Category in manufacturing segment in the year 2019.



Our Value Chain

As the UAE's pioneer Food and Beverage company, Unikai plays an important social, environmental, and economic role locally, regionally, and globally.



Code of Conduct and Business Ethics

The Employees' Code of Ethics and Standards of Professional Conduct ensure that an ethical, moral and professional work environment is maintained throughout Unikai. Every employee contributes to the development of an ethical culture by conducting themselves in alignment with the code of conduct. All employees are informed of these policies during the induction program, followed by an annual review of employees for their understanding and compliance with Unikai's Code of Business Conduct.

At Unikai, we believe that good ethics are the foundation of good business. Unikai is committed to implement corporate governance best practices in order to increase accountability and maintain our values throughout the organization. We are committed to embedding ethical practices and seek to build mutual trust with our customers, suppliers, and communities by working honestly and ethically.

Our Environmental Policy

Unikai is committed to minimize the impact on the environment and is continuously improving the environmental performance. We have an environmental policy in place which applies to all Unikai business units and facilities. Some of the major highlights of proposed policy are:

- Comply with applicable environmental legal requirements.
- Minimize pollution, waste and consumption of resources.
- Educate, train and motivate employees to carry out tasks in an environmentally responsible manner.
- Encourage our suppliers and contractors to be environmentally responsible.
- Identify and implement opportunities for environmental sustainability.

Our performance summary	2020	2021
Number of incidents of non-compliance with environmental laws and regulations.	0	0

Risk Management Process

The organization's Enterprise Risk Management (ERM) framework assesses Unikai's business risks and identifies mitigating factors or activities that can reduce or minimize the identified risks. The Board provides oversight of the Company's risk management strategy and has the overall responsibility for determining the nature and extent of risk it would ordinarily accept, while executing the business.

Company management reviews (Enterprise risk management) processes to highlight any potential risks regarding business affairs on internal or external controls and to highlight actions required to limit risks which may affect work progress. Unikai's Robust ERM framework ensures:

- Significant current and emerging risks and opportunities are identified and understood.
- Appropriate and prudent risk management systems to manage these risks are developed and effectively implemented.
- Regular reviews are conducted to evaluate the effectiveness of risk mitigation measures.
- and reports are produced on a regular basis regarding gaps identified and mitigation measures.

COVID-19 Response

While this report looks back at our sustainable progress throughout 2021, we are compelled to acknowledge the deep and wide-ranging impact of the Covid-19 pandemic that has defined this extraordinary year. We continued taking extra steps to protect our employees and their families and to make sure to provide them with adequate means of maintaining covid protocols, whilst they were working from home as well as those coming to office.

Stakeholder Engagement

At Unikai, we understand that engagement with our stakeholders is essential to our success. Unikai utilizes diverse tools and platforms to engage with its stakeholder on any number of desired interactions ranging from informing to consulting, involving, collaborating, and empowering on the issues that matter to each of our key stakeholder. Further details on approach to stakeholder Engagement is provided as under:

STAKEHOLDERS	ENGAGEMENT METHODS	KEY TOPICS RAISED
EMPLOYEES	- Internal communication platforms, emails, calls (audio/ video, or in-person meetings) - Employee engagement survey - Team meetings - Performance appraisals	- Career path development - Training and development - Rewards and recognition - Work-life balance - Occupational health and safety
BOARD OF DIRECTORS & SENIOR MANAGEMENT	- Board of Directors meetings & Committees' meetings - Internal communication platforms, emails, calls, or in-person meetings	- Overall business strategy - Shareholder value growth - Business development - Governance, ethics and compliance - Risk management - Business Continuity
INVESTORS & SHAREHOLDERS	Investor relations officer, through regular emails, meetings & calls	- Financial performance - Business strategies - Return on Investment
CUSTOMERS	- Customer satisfaction - Customer feedback through emails, calls, and in person meetings	- Product Quality - Food safety & continuous supply
SUPPLIERS	- Supplier Code of Conduct - Supplier audits	- Product Quality - Procurement Process - Pricing
GOVERNMENT ENTITIES	Through government Subsidies, policies, laws, and regulations	- Product quality - Compliance with law and regulations - Providing details to regulatory requests

Material Topics

As defined by the GRI Standards, material topics are those that reflect an organization's significant economic, environmental, and social impact and those that substantively influence the assessment and decisions of stakeholders. We use our materiality assessment to help us to evolve our strategy and tailor our reporting so that it aligns with the interests and needs of our stakeholders, as well as with the environmental, social, and economic issues. Materiality helps us prioritize where to focus our efforts to enhance stakeholder value and our sustainability performance. Materiality also guides us on what we should report on publicly. Unikai's materiality assessment follows a systematic process that combines insight and analysis from internal and external stakeholders and market trends.

The food and beverage industry are continuously impacted by a range of market trends, changing consumer habits and spending power. This year was particularly challenging, with the COVID-19 pandemic posing various difficulties for the food and beverage industry both locally and globally.

To determine which global trends and risk areas have the biggest impact on Unikai, we conducted a thorough materiality analysis. Conducting this analysis in this manner allows us to identify key issues to be covered in our reporting and to decide where to focus our resources.

Materiality Matrix:

Importance to Shareholders	Major		Nutrition & Well Being	Product Safety Product Quality Climate Change Corporate Governance
	Significant	Community Contribution	Employee Development & Retention Workplace Health & Safety	Financial Performance Workplace Diversity Waste Management
	Moderate		Responsible Supply Chain	
		Importance to Business		
		Moderate	Significant	Major

Corporate Governance

At Unikai, we believe that a solid foundation of good corporate governance significantly contributes to the company's ability to compete effectively and realize its full value potential. We have a leadership by a Management Team of uncompromising integrity under Board of Directors oversight and can create sustainable value through business fundamentals, corporate social responsibility, and environmental stewardship. The full version of our corporate governance report has been approved by the Securities and Commodities Authority (SCA) and posted on the Dubai Financial Markets (DFM) website, the Company website, and in our annual report.

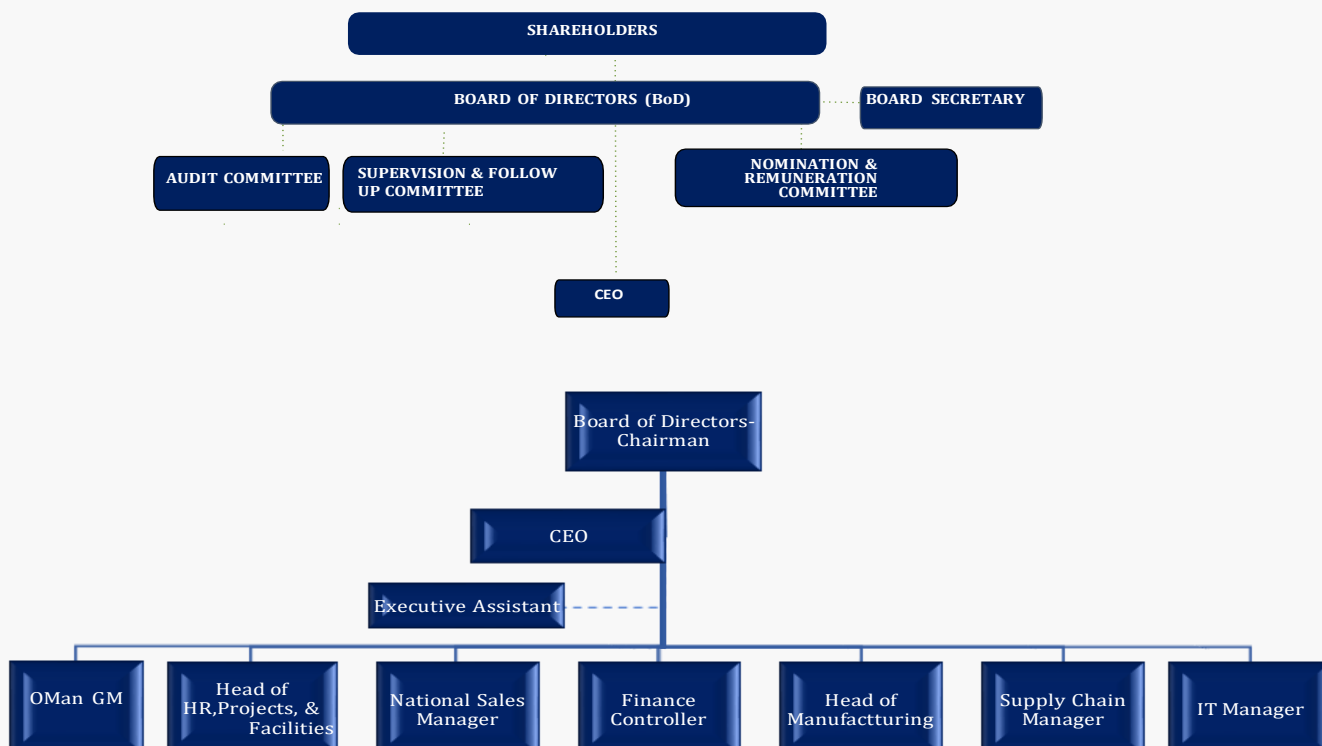
Board Committees

The Board has established three Committees to assist it in its responsibilities. The committees operate in line with their respective responsibilities, as approved by the Board. The Board shall form other committees on need basis.

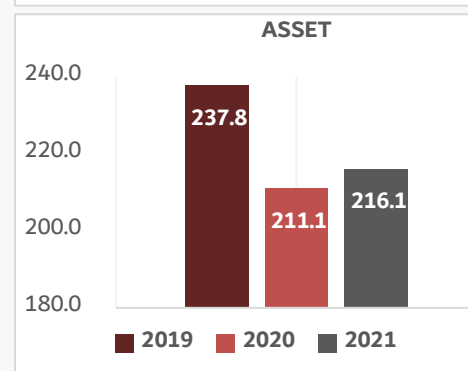
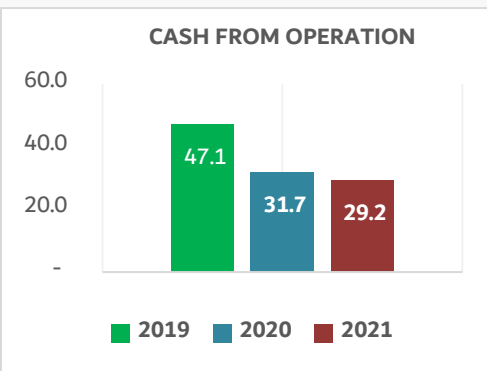
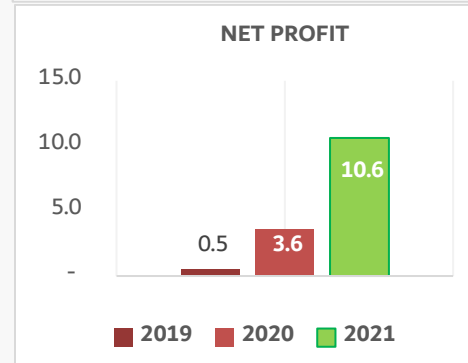
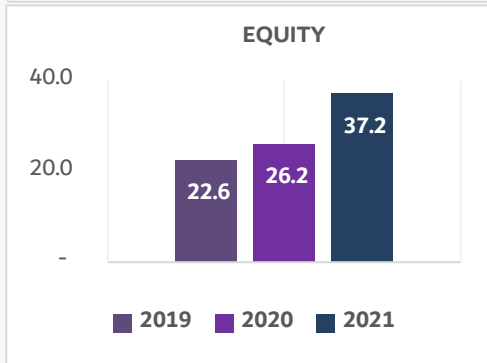
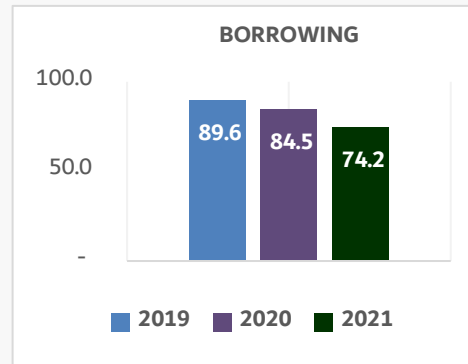
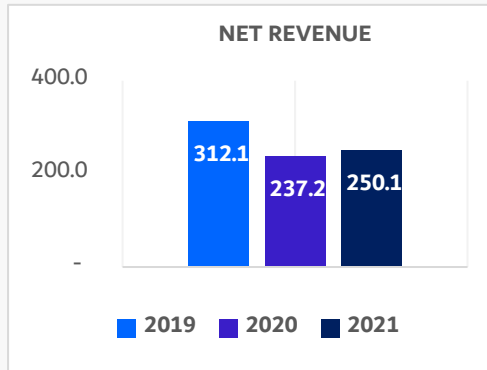
1. Audit Committee
2. Supervision & Follow-up Committee
3. Nomination & Remuneration Committee

Governance Structure

The company is managed at the administrative and operational levels by Board through the Company's CEO. The CEO acts according to the objectives set by the Board of Directors and is supported by a distinguished professional team of department managers.



Our Financial Performance



(Amt in Million)

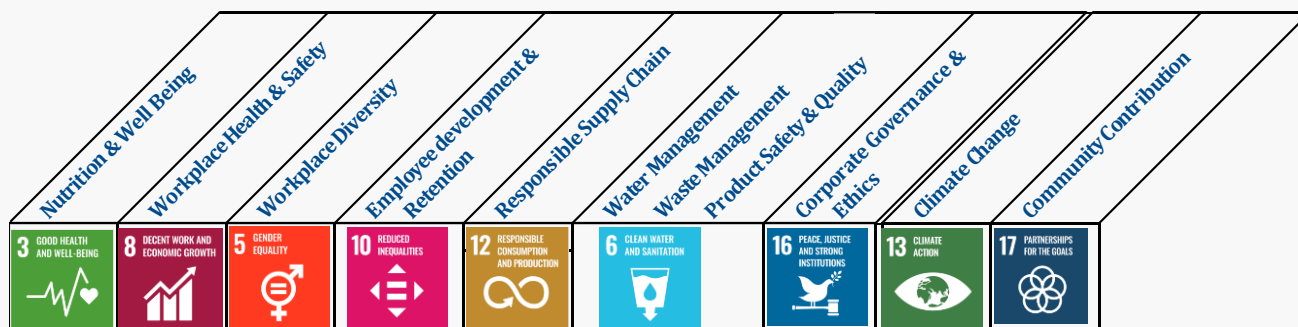
United Nations SDGs

United Nations' Sustainable Development Goals (SDGs) provide governments and businesses with a framework to achieve sustainable development. Based on our sustainability framework, we have mapped out areas of material concerns with national and international sustainable development objectives.

The 17 SDGs adopted by United Nations member states are:

SDG1- No poverty	SDG 2-Zero Hunger	SDG3- Good Health and Well-being	SDG4- Quality Education
SDG 5- Gender Equality	SDG 6- Clean Water and Sanitation	SDG 7- Affordable and Clean Energy	SDG 8 – Decent work and economic growth
SDG 9- Industry, Innovation, and Infrastructure	SDG 10 – Reduced Inequalities	SDG 11- Sustainable Cities and Communities	SDG 12- Responsible Consumption and Production
SDG 13- Climate Action	SDG 14- Life below water	SDG 15- Life on land	SDG 16- Peace, justice and strong institutions
SDG 17- Strengthening global partnerships for the goals			

Alignments of Material Topics to UN SDGs



Nutrition and Wellbeing

With consumers growing demands, Unikai has been providing quality products that nourishes our consumers' lives every day. We are constantly investing in developing new technologies and competencies to improve the profile of our products and incorporating health and nutrition specific criteria into product innovation and development.

In order to assist our consumers in making informed decision while selecting our products, we provide complete nutritional panel information, serving size and other details on the pack which are approved by relevant authorities in the UAE.

We have been transparent regarding health and nutritional details of our products during the promotions and advertisements made through various channels.

We continued our research on revising recipe by eliminating added sugar. More than 17 variants of our juice ranges have zero added sugar. Our products do not have added Artificial colors in all of the dairy and juice range. We will initiate work in 2022 on fostering a comprehensive plan toward additional improvement in healthier products.



Workplace Health and Safety

At Unikai, we provide a safe and healthy work environment to our staffs and address all preventable accidents. We have a Health and Safety policy in place which is based on international occupational health and safety standards. Our safety team continually reviews safety data from across all of our production and operational sites to identify hazards, trends, potential concerns, areas of improvement and any need for an increased level of focus in a particular area.

As a result, near miss reporting has decreased by 85% from 40 in 2020 to only 6 in 2021.

As soon as an employee is on boarded, we have a mandatory Health and Safety Training in place. In addition to initial and on-the-job training, we expect that our health and safety strategy and supporting programs will help to reduce our incident rate in the coming years.

We are also planning to implement a near miss and hazard observation reporting system, which will provide access to anyone to report effectively.

Our Health and Safety Policy Objective:

- Provide information, instruction, and supervision to a worker to protect the health or safety of the staff.
- Enforce safety rules and regulations and report hazardous conditions that require improvement.
- Follow the measure and procedures on incident management in the workplace.
- Manage waste segregation and disposal.
- Take necessary actions to prevent unforeseen circumstances by implementing fire safety system and pest control mechanisms.

Injury and lost day rates	2020	2021
Number of Lost Time injury (Number of events)	3	2
Lost Time injury (Time in Hour)	496	672
Employee rate of lost-time injury (per 1 million man-hours)	1.85	1.26
HSE Trainings	2021	2021
Hours of Employee HSE Trainings (Total employees)	352.00	739.00
Average HSE Training per Employee (Hrs.)	1.55	1.95
Employee Absenteeism rate (%)	7.30 %	5.33 %

Employee Talent and Diversity

At Unikai, our ambition is to offer our employees a rewarding work experience and a positive work environment that promotes well-being, equality, creativity, and productivity. We are working to make sure that our employees are provided with opportunities to enrich their skills, develop their capabilities, and learn and grow within the organization. We continue to provide our employees with ample opportunities to undertake technical and nontechnical courses and training programs and provide them with the required resources to do so.

Employees by Region & Gender

Employees by Region & Gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
TOTAL	16	595	611	16	532	548	14	565	579

Diversity of Governance Bodies and Employees.

Unikai aims to give a comprehensive workplace to all, and we are making progress towards this end.

Employees by Level and Gender	2019			2020			2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Executives	5	11	16	4	13	17	5	10	15
Managers	0	21	21	0	17	17	0	18	18
Non-managers	11	563	574	12	502	514	9	537	546
Total	16	595	611	16	532	548	14	565	579
% Women	3%			3%			2%		

Employees by Level & Age

Employees by Level and Age	Age	2019	2020	2021
Managers	< age 30	0	0	1
	age 30-50	18	15	13
	> age 50	3	2	4
Non-managers	< age 30	126	148	156
	age 30-50	401	341	359
	> age 50	63	42	46
All employees	< age 30	126	148	157
	age 30-50	419	356	372
	> age 50	66	44	50

Diversity in New Joiners and Leavers

Unikai has one of the most diversified workforces and has provided opportunities to people from various part of the world. Unikai family comes from more than 21 different nationalities bringing together different flavors of cultural and social background, yet with one motive – to make Unikai a leading F&B brand.

At Unikai, we seek to provide career opportunities for women in the markets where we operate and will continue to increase the number of female employees in our workforce year-on-year.

	2019				2020				2021			
New Joiners(%)	< age 30	age 30-50	> age 50	Total	< age 30	age 30-50	> age 50	Total	< age 30	age 30-50	> age 50	Total
Women new hires	1%	2%		3%	0.97%	0.97%		2%	0.46%	0.46%		1%
Men new hires	37%	59%	1%	97%	54.37%	43.69%		98%	52.31%	46.76%		99%
Total new hires	38%	61%	1%	100%	55%	45%	0%	100%	53%	47%	0%	100%
Leavers												
Women leavers		1.47%		1.47%	0.61%	0.61%	0%	1%	0.53%	1.07%		2%
Men leavers	20.59%	68.38%	9.56%	98.53%	21.95%	62.80%	14%	99%	29.95%	63.10%	5%	98%
Total leavers (turnover)	21%	70%	10%	100%	23%	63%	14%	100%	30%	64%	5%	100%

Employee Composition and Turnover

Number Of Full-Time Employees	2019	2020	2021
Emirati Employees	0.16%	0.18%	0.17%
Expatriate Employees	99.84%	99.82%	99.83%
Turnover Rate - Expats	27%	23%	27%

Employee Trainings

Unikai has been providing training to its employees through various training channels like:

- In house Training
- External Training
- Overseas Training

All Training and Development activities must be directly related to the Employee's current job objectives or future responsibilities. The training will be a result of one of the following:

- In order to provide Knowledge upgradation
- Competencies Gaps highlighted during the functional and/or leadership competencies.
- Assessment during the PDR.
- Highlighted in the annual Performance & Development Review (PDR).
- An introduction of new business processes, Tools, or equipment's.

Employees receiving performance reviews	2020	2021
Managers	15	5
Non-managers	398	366
Total	413	371
Total Employees	458	406
% of Total Employees	90%	91%

Training and Education	2020	2021
Total hours of training provided	1,117 Hrs.	1,559 Hrs.
Average hours of training per employee	3.12 Hrs.	1.91 Hrs.

Water Management

At Unikai, our ambition is to arrive at a zero environmental impact for all operations by committing to responsibly sourced ingredients and water consumption every day.

In line with UAE's Vision 2022, and considering UAE's current and impending water challenges, water conservation and stewardship are at the forefront of our environmental goals. In 2022, We aim to conserve water wherever possible and use only what is strictly needed to support our teams in our offices and sites and identify improvement areas in support of this aim.

During the past year we had monthly consumption monitored, and where necessary, actions were be taken either by Facilities and / or Maintenance Department (Engineering) to investigate misuse and abnormalities found if any to optimize production and cleaning processes.

	Units	2019	2020	2021
Water withdrawal/Consumption	Liter	252,686,321	200,393,284	234,726,810
Water recycling and reuse	Liter	0	0	0
Total water consumption	Liter	252,686,321	200,393,284	234,726,810
Production	Liter	87,584,237	57,086,597	65,829,980
Water intensity	Per Liter of Production	2.9	3.5	3.6

Climate Change

From shifting weather patterns that threaten food production to widespread wildfires that devastate entire communities and ecosystems, the impact of climate change is global in scope and unprecedented in scale. Without comprehensive and immediate action today, adapting to these impacts in the future will be more difficult and costly. We continually work on reducing the Carbon footprint of our business, in part, because we are conscious of the inherent risks from climate change. Rising CO2 emissions associated with fuel and Greenhouse gas emission from refrigerators have an impact not only on the environment but also on our financial bottom line.

We, at Unikai are committed to climate change management through operational efficiencies and environmentally positive actions throughout our supply chain. Through innovative technologies and effective management, we can enhance our business while promoting comprehensive solutions for a sustainable future.

The numbers shown below include our Direct Scope 1 Emissions and Indirect Scope 2 Emissions.

CO2 Emissions	Units	2019	2020	2021
Direct (Scope 1) CO2-emissions	Tons CO2 Equivalent	7,905	6,942	6,959
Energy indirect (Scope 2) CO2 emissions	Tons CO2 Equivalent	482	373	425
Total	Tons CO2E	8,387	7,316	7,316
Carbon Footprint Intensity	Tons CO2E/ ltr output (FG)	0.00010	0.00013	0.00011



Energy Efficiency

As part of our fuel efficiency initiatives, we were able to roll out route rationalization to reduce the number of trips required by our trucks. As a result of this, we have been able to reduce our vehicles from 123 in 2020 to 91 in 2021 (26% reduction). We have introduced dual temperature vehicles to increase energy efficiency. We have also reduced the number of Salon Cars from 44 in 2020 to 35 in 2021 through a restructuring of our sales team. Reduction of both Trucks and Cars has reduced our carbon footprint through lesser emissions.

Energy used by organization	Equivalent KWH	2019	2020	2021
Diesel & LPG	KWH	20,273,799	15,685,090	15,373,160
Petrol/Furnace Oil	KWH	7,188,061	5,700,428	6,607,669
Total Fuels	KWH	27,461,860	21,385,518	36,587,285
Electricity purchased from grid	KWH	18,693,244	16,005,221	16,812,434
Total Energy Consumption	KWH	46,155,104	37,390,739	53,399,719
Energy intensity	KWH/Ltr	0.53	0.65	0.81

Waste Management

We understand that a systematic process for managing waste and effluent is important for process efficiency, environmental cleanliness, and cost control. HSE Department ensures that disposal of sewage and solid waste shall be performed in a hygienic manner which does not expose the food premises or food products to potential contamination. The recyclable waste is recycled through a recycling entity accredited by Dubai Municipality.

We collaborate with local food regulatory bodies in Oman and the UAE to redistribute food, juice, and dairy products within the shelf life to local charities and food banks to minimize environmental impact and to support those in need.

At Unikai, we ensure that none of our sites are located in an area that is considered a hazard on the biodiversity, we are committed to monitor our manufacturing operations and ensure that our products ingredients, raw materials and final products are in line with the highest ethical and environmental standards, and do not have any significant impact on the biodiversity.

At Unikai, wastewater discharge is directly connected to Municipality line after passing the treatment process (ETP). Further, Quarterly analysis of wastewater is carried out through a contracted third party to ensure discharge parameters are within range as required by Dubai Municipality.

Non-hazardous waste by disposal type	Units	2019	2020	2021
Landfill	Tons	3,444	2,464	1,370
Recycling	Tons	195	156	230
Total non-hazardous	Tons	3,639	2,620	1,600

Hazardous waste by disposal type	Units	2019	2020	2021
Reuse	Tons	4	4	0
Recycling	Tons	0	0	0
Total hazardous waste	Tons	4	4	0
Total Waste	Tons	3,643	2,634	1,600
Hazardous waste as % of total	%	0.1%	0.2%	0%
Waste intensity	/ltr	0.0004	0.0005	0.0002
% waste to landfill	%	95%	94%	86%

Product Quality and Safety

In order to deliver quality products to the customers, our products pass through robust quality control criteria set by SOP. Our team focuses on development and implementation of the quality management system and continuous improvement in terms of safety and quality.

The capability and effectiveness of our systems is supported by training and various multilevel internal audit programs who carry out both announced and unannounced audits and physical inspections at our sites. Our products and facilities hold various certifications which includes HACCP, HALAL, Dubai Municipality Inspection, Emirates Quality Mark etc.

At Unikai, our employees are provided with tailored training on an annual basis provided by experts such as BFH / PIC/HACCP. We continued rolling out our quality and food safety survey across more areas of the business, the analysis of which is providing us with new insights and has identified actionable areas for improvement.

Our Quality Performance	2020	2021
Number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0	0
Number of recalls	0	0
Total number of manufacturing plants	1	1
Dubai Municipality Inspection	2	2

Compliance	2019	2020	2021
HACCP 	✓	✓	✓
HALAL 	✓	✓	✓
DUBAI MUNICIPALITY INSPECTION 	✓ Light Green (Satisfactory)	✓ Light Green (Satisfactory)	✓ Light Green (Satisfactory)
EMIRATES QUALITY MARK 		✓	✓

Responsible Supply Chain

Our vision is to maintain the most responsible, transparent, and ethical supply-chain that positively contributes to solving the world's greatest challenges through Sustainable Sourcing program. We are working to make sure we take a collaborative approach to elevate sustainability in our supply chain every day.

Wherever we can, we maximize the utilization of the local suppliers considering the availability of materials in UAE. We believe that we have a duty to our stakeholders to ensure that the materials and services we use are ethically sourced. Consumers and stakeholders nowadays have increasing concerns to the impact that the products may have on the factors of production, including staffs and facilities.

In order to align values and best practices throughout our supply chain, we have been conducting site visits as a part of the pre-qualification exercise where critical hygiene raw materials and packaging items are involved. If a supplier is subsequently found to have obtained information in an improper manner while invited to tender, then the supplier shall be blacklisted from the supplier database.

Particulars	2019	2020	2021
Percentage of spending on locally based suppliers (%)	41%	51%	45%
New suppliers that were screened using social and/or environmental Criteria (No.)	0	0	0
Supplier Insights			
Number of approved Suppliers	239	265	286
Number of total suppliers screened	30	45	54
Percentage of Total Supplier Screened	13%	17%	19%
Number of total suppliers declined	0	0	0
Number of Supplier that undergone a Site Audit	1	2	0

Appendices / GRI content index

GRI GENERAL DISCLOSURE

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102-3	Location of headquarters	Al Quoz-1 Dubai
102-4	Location of operations	UAE & OMAN
102-5	Ownership and legal form	Joint Stock/Listed in DFM
102-6	Markets served	UAE & OMAN
102-7	Scale of the organization	17
102-8	Information on employees and other workers	23
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102-10	Significant changes to the organization and its supply chain	43
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102-13	Membership of associations	5 About
Strategy		
102-14	Statement from senior decision-maker	3,4
102-15	Key impacts, risks, and opportunities	17,13
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	5
102-17	Mechanisms for advice and concerns about ethics	12
Governance		
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102-19	Delegating authority	Corporate Governance 28
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102-27	Collective knowledge of highest governance body	Refer Corporate Governance
102-28	Evaluating the highest governance body's performance	Refer Corporate Governance
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102-51	Date of most recent report	NA
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	info@unikai.com
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GRI ECOLOGICAL INDICATORS

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103-2	The management approach and its components	13
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	GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	
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403-4	Health and safety topics covered in formal agreements with trade unions	Not Allowed in UAE
	GRI 404: TRAINING AND EDUCATION 2016	
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	GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	
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406-1	Incidents of discrimination and corrective actions taken	Nil
	GRI 413: LOCAL COMMUNITIES 2016	
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	GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	
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