

**UNITED FOODS COMPANY (PSC)
AND ITS SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2023

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNITED FOODS COMPANY (PSC)

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of United Foods Company (PSC) (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 June 2023, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

7 August 2023

Dubai, United Arab Emirates

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 30 June 2023 (Unaudited)

	<i>Notes</i>	<i>Six months ended</i>		<i>Three months ended</i>	
		<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>
Revenue from contracts with customers, gross		324,790,929	385,526,887	138,320,438	189,676,099
Less: Discounts and rebates		(14,722,042)	(13,179,460)	(5,718,884)	(6,751,629)
Revenue from contracts with customers, net		310,068,887	372,347,427	132,601,554	182,924,470
Cost of sales		(263,701,607)	(320,098,869)	(113,623,160)	(154,546,380)
GROSS PROFIT		46,367,280	52,248,558	18,978,394	28,378,090
Selling and distribution expenses		(23,112,822)	(24,105,344)	(11,220,208)	(12,690,349)
General and administrative expenses		(9,728,009)	(9,285,735)	(4,822,884)	(4,699,989)
Finance costs		(490,290)	(818,658)	(227,211)	(549,829)
Other income, net		1,624,958	1,121,362	624,263	505,853
PROFIT FOR THE PERIOD	3	14,661,117	19,160,183	3,332,354	10,943,776
Profit attributable to:					
Owners of the Group		14,661,117	19,160,183	3,332,354	10,943,776
Earnings per share:					
Basic and diluted in AED	10	0.49	0.63	0.12	0.36

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023 (Unaudited)

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>
Profit for the period	14,661,117	19,160,183	3,332,354	10,943,776
Other comprehensive income/ (loss)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Change in fair value of equity securities measured at FVOCI 17	(69,969)	(295,970)	206,358	(187,273)
	(69,969)	(295,970)	206,358	(187,273)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Change in fair value of debt securities measured at FVOCI – Sukuk instruments 17	82,807	-	(47,996)	-
	82,807	-	(47,996)	-
Other comprehensive income/ (loss)	12,838	(295,970)	158,362	(187,273)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	14,673,955	18,864,213	3,490,716	10,756,503

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	4	78,013,871	82,751,868
Right-of-use assets	5	18,776,491	19,773,326
Intangible assets		1,717,661	1,513,122
Financial assets at fair value through other comprehensive income	17	10,668,634	10,655,796
		<u>109,176,657</u>	<u>114,694,112</u>
Current assets			
Inventories	6	88,587,079	125,286,273
Trade and other receivables	7	115,145,551	110,293,001
Amounts due from related parties	13	386,820	501,029
Bank balances and cash	8	83,695,232	37,447,219
		<u>287,814,682</u>	<u>273,527,522</u>
TOTAL ASSETS		<u><u>396,991,339</u></u>	<u><u>388,221,634</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	30,250,000	30,250,000
Statutory reserve		15,125,000	15,125,000
Regular reserve		15,125,000	15,125,000
General reserve		65,314,980	65,314,980
Fair value reserve		162,010	149,172
Retained earnings		192,757,656	184,146,539
Total equity		<u><u>318,734,646</u></u>	<u><u>310,110,691</u></u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		9,497,855	9,136,368
Lease liabilities	11	12,676,710	13,424,885
		<u>22,174,565</u>	<u>22,561,253</u>
Current liabilities			
Trade and other payables	12	54,137,967	53,454,913
Lease liabilities	11	1,944,161	2,094,777
		<u>56,082,128</u>	<u>55,549,690</u>
Total liabilities		<u><u>78,256,693</u></u>	<u><u>78,110,943</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>396,991,339</u></u>	<u><u>388,221,634</u></u>


 Ali Bin Humaid Ali Abdalla Al Owais
 Chairman

4 August 2023


 Mohammed Abdel Aziz Ali Abdalla Al Owais
 Executive Vice Chairman

4 August 2023

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023 (Unaudited)

2023:	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2023 (audited)	30,250,000	15,125,000	15,125,000	65,314,980	149,172	184,146,539	310,110,691
Profit for the period	-	-	-	-	-	14,661,117	14,661,117
Other comprehensive income	-	-	-	-	12,838	-	12,838
Total comprehensive income for the period	-	-	-	-	12,838	14,661,117	14,673,955
Dividends declared	-	-	-	-	-	(6,050,000)	(6,050,000)
Balance as at 30 June 2023 (unaudited)	30,250,000	15,125,000	15,125,000	65,314,980	162,010	192,757,656	318,734,646

The Annual General Meeting held on 27 March 2023 approved a dividend of AED 0.20 per share totalling to AED 6,050,000, which was paid during the period ended 30 June 2023, and approved the remuneration of the Board of Directors of AED 1,592,100 accounted for as at 31 December 2022.

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the period ended 30 June 2023 (Unaudited)

2022:	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Regular reserve AED</i>	<i>General reserve AED</i>	<i>Fair value reserve AED</i>	<i>Retained earnings AED</i>	<i>Total AED</i>
Balance as at 1 January 2022 (audited)	30,250,000	15,125,000	15,125,000	65,314,980	833,433	174,354,383	301,002,796
Profit for the period	-	-	-	-	-	19,160,183	19,160,183
Other comprehensive loss	-	-	-	-	(295,970)	-	(295,970)
Total comprehensive income/(loss) for the period	-	-	-	-	(295,970)	19,160,183	18,864,213
Dividends declared	-	-	-	-	-	(6,050,000)	(6,050,000)
Balance as at 30 June 2022 (unaudited)	<u>30,250,000</u>	<u>15,125,000</u>	<u>15,125,000</u>	<u>65,314,980</u>	<u>537,463</u>	<u>187,464,566</u>	<u>313,817,009</u>

The Annual General Meeting held on 11 April 2022 approved a dividend of AED 0.20 per share totalling to AED 6,050,000, which was paid during the period ended 30 June 2022, and approved the remuneration of the Board of Directors of AED 725,000 accounted for as at 31 December 2021.

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023 (Unaudited)

		<i>Six months ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2023</i>	<i>2022</i>
		<i>AED</i>	<i>AED</i>
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES			
Profit for the period		14,661,117	19,160,183
Adjustments for:			
Depreciation on property, plant and equipment		5,576,075	5,548,143
Depreciation on right-of-use assets	5	996,835	851,166
Amortisation of intangible assets		261,516	82,216
Finance costs		490,290	818,658
Provision for employees' end of service benefits		746,957	799,454
Provision for expected credit losses	7	348,699	1,584,865
Provision for slow moving inventories	6	1,256,047	1,115,527
Gain on disposal of property, plant and equipment		(271,293)	(200,952)
		24,066,243	29,759,260
Working capital changes:			
Inventories		35,443,147	(47,693,605)
Trade and other receivables		(5,201,249)	(35,725,595)
Trade and other payables		683,054	2,650,619
Amounts due from related parties		114,209	61,991
		55,105,404	(50,947,330)
Cash generated from/ (used in) operations		(385,470)	(311,584)
Employees' end of service benefits paid			
		54,719,934	(51,258,914)
Net cash flows generated from/ (used in) operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(1,304,133)	(2,642,306)
Proceeds from disposal of property, plant and equipment		271,293	200,952
		(1,032,840)	(2,441,354)
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Payment of lease liabilities	11	(1,301,681)	(1,083,541)
Finance costs paid		(87,400)	(476,206)
Dividends paid		(6,050,000)	(6,050,000)
		(7,439,081)	(7,609,747)
Net cash flows used in financing activities			
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		46,248,013	(61,310,015)
Cash and cash equivalents at 1 January		17,447,219	46,896,458
CASH AND CASH EQUIVALENTS AT 30 JUNE	8	63,695,232	(14,413,557)

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

1 ACTIVITIES

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

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

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

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

<i>Name of the subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership% 30 June 2023</i>	<i>Ownership% 31 December 2022</i>
Stratus General Trading LLC	General Trading -Wholesalers	UAE	100%	100%
PAL Foodstuff & Beverages Trading LLC	Food and Beverages Trading	UAE	100%	100%

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

Basis of preparation

The interim condensed consolidated financial statements for the six month period ended 30 June 2023 have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. In addition, results for the six month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards, amendments and interpretations effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several standards, amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

3 PROFIT FOR THE PERIOD

Profit for the period is stated after charging:

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Inventories charged to cost of sales	248,594,306	305,519,136	107,088,384	147,231,497
Employee expenses	21,594,740	20,557,275	10,846,913	10,246,973
Rental - operating lease*	74,405	214,475	46,424	106,665

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

4 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the period ended 30 June 2023, the Group incurred costs in respect of additions amounting to AED 1,304,133 (for the year ended 31 December 2022: AED 6,908,431).

As at 30 June 2023, capital work-in-progress of AED 2,769,462 (31 December 2022: AED 3,495,713) includes the expenditure incurred on the expansion of the factory and warehouse facility in Jebel Ali Industrial Area.

5 RIGHT-OF-USE ASSETS

	<i>30 June</i>	<i>31 December</i>
	<i>2023</i>	<i>2022</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
As at 1 January	19,773,326	17,739,476
Additions during the year	-	1,952,234
Modifications during the year	-	1,932,876
Less: retirements during the year	-	(8,156)
Less: depreciation for the year	(996,835)	(1,843,104)
	18,776,491	19,773,326

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

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

6 INVENTORIES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Raw materials	43,036,194	44,074,006
Finished goods	14,939,904	28,755,761
Packing materials	3,011,646	2,404,420
Work-in-progress	5,921,761	8,740,748
Spares and consumables	2,438,363	2,520,761
	69,347,868	86,495,696
Less: provision for slow moving inventories	(2,072,829)	(816,782)
	67,275,039	85,678,914
Goods-in-transit	21,312,040	39,607,359
	88,587,079	125,286,273

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

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	816,782	760,930
Charge for the year, net	1,256,047	55,852
	2,072,829	816,782

7 TRADE AND OTHER RECEIVABLES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade receivables	113,612,859	108,856,873
Less: provision for expected credit losses	(6,311,001)	(5,962,302)
	107,301,858	102,894,571
Prepaid expenses	4,558,904	4,497,682
Advances to suppliers	2,098,398	683,098
Consideration receivable	-	608,000
Accrued interest receivable	356,612	583,042
Staff receivables	122,661	122,830
Other receivables	707,118	903,778
	115,145,551	110,293,001

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

7 TRADE AND OTHER RECEIVABLES (continued)

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

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	5,962,302	4,722,443
Provision for the year, net	348,699	1,239,859
	<u>6,311,001</u>	<u>5,962,302</u>

8 CASH AND CASH EQUIVALENTS

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

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)	30 June 2022 AED (Unaudited)
Cash in hand	136,265	91,089	173,784
Bank balances	28,458,967	17,256,130	26,777,303
Deposits *	55,100,000	20,100,000	30,100,000
Bank balances and cash	83,695,232	37,447,219	57,051,087
Less: Deposits with original maturities of more than 3 months	(20,000,000)	(20,000,000)	(1,000,000)
Due to banks **	-	-	(70,464,644)
Cash and cash equivalents	<u>63,695,232</u>	<u>17,447,219</u>	<u>(14,413,557)</u>

*Deposits are placed with local banks and accrue interest at prevailing market rates. During the six-month period ended 30 June 2023, the Group earned interest income on these deposits of AED 521,859 (during the six-month period ended 30 June 2022: AED 291,385).

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

9 SHARE CAPITAL

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Authorised, issued and fully paid up:		
30,250,000 ordinary shares of 1 AED each	30,250,000	30,250,000
(31 December 2022: 30,250,000 ordinary shares of 1 AED each)		

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

10 EARNINGS PER SHARE

Basic and diluted earnings per share for the six-month period ended 30 June 2023 of AED 0.49 per share (for the six-month period ended 30 June 2022: AED 0.63 per share) are calculated by dividing the profit for the six-month period ended 30 June 2023 amounting to AED 14,661,117 (for the six-month period ended 30 June 2022: AED 19,160,183) by the weighted average number of ordinary shares outstanding during the six-month period ended 30 June 2023 of 30,250,000 shares (during the six-month period ended 30 June 2022: 30,250,000 shares).

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

11 LEASE LIABILITIES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	15,519,662	13,253,053
Additions during the year	-	1,952,234
Modifications during the year	-	1,932,876
Add: interest expense on lease liabilities	402,890	752,550
Less: payments during the year	(1,301,681)	(2,371,051)
	14,620,871	15,519,662

Presented in the interim condensed consolidated statement of financial position as follows:

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Current	1,944,161	2,094,777
Non-current	12,676,710	13,424,885
	14,620,871	15,519,662

12 TRADE AND OTHER PAYABLES

	30 June 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade payables	15,542,647	15,735,275
Accrued expenses and other payables	16,500,023	15,063,049
Dividends payable (note 13)	-	76,258
Accruals for goods in transit	20,023,388	17,868,742
Advances from customers	1,100,981	1,957,490
Directors' remuneration payable (note 13)	15,000	1,592,100
VAT payable	955,928	1,161,999
	54,137,967	53,454,913

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

13 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 Group's board of directors.

a) Significant transactions with related parties:

Significant transactions with related parties are as follows:

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>
<i>Entities under common control:</i>				
Sales to related parties	1,175,065	1,185,935	481,568	619,360

Compensation of key management personnel

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

	<i>Six months ended</i>		<i>Three months ended</i>	
	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>	<i>30 June 2023 AED (Unaudited)</i>	<i>30 June 2022 AED (Unaudited)</i>
Short-term benefits	1,694,752	1,533,752	847,376	766,876
Employees' end of service benefits	78,172	72,220	39,195	36,203
Bonuses	287,616	286,028	144,602	143,014
Directors' sitting fee	50,000	45,000	35,000	30,000
	2,110,540	1,937,000	1,066,173	976,093

b) Amounts due from related parties:

	<i>30 June 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Entities under common control</i>		
Trade receivables	386,820	501,029

c) Amounts due to related parties:

	<i>30 June 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
Directors' remuneration payable (note 12)	15,000	1,592,100
Dividends payable (note 12)	-	76,258
	15,000	1,668,358

United Foods Company (PSC) and its Subsidiaries

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14 CONTINGENCIES AND COMMITMENTS

Contingent liabilities

At 30 June 2023, the Group had contingent liabilities in respect of banks amounting to AED 4,568,843 (31 December 2022: AED 300,853) from which it is anticipated that no material liabilities will arise.

Legal claim contingency

The Group has a few pending litigations that occur in the ordinary course of business. The Group is also involved in a legal case with a third party claiming losses arising after closing their business relationships with the Group. As per advice received from the Group's legal advisor, management believes that the Group has a strong legal position to rebut any claim, in form and in substance, and therefore there will be no significant impact on the consolidated financial statements of the Group.

Capital commitments

At 30 June 2023, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 4,272,740 (31 December 2022: AED 4,140,291).

15 SEGMENTAL REPORTING

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

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

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

Major customer

During the period ended 30 June 2023, revenue from no customer accounts for 10% or more of the Group's total revenue (30 June 2022: revenue from no customer accounts for 10% or more of the Group's total revenue).

16 FIDUCIARY ASSETS

As at 30 June 2023, the Group held 11.27 MT (31 December 2022: 12.17 MT) raw materials, in a fiduciary capacity on behalf of third parties.

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

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For the period ended 30 June 2023 (Unaudited)

17 FAIR VALUES OF FINANCIAL INSTRUMENTS (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 30 June 2023, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	30 June 2023 AED (Unaudited)	Level 1 AED (Unaudited)	Level 2 AED (Unaudited)	Level 3 AED (Unaudited)
Quoted equity securities				
Consumer Staples Sector	1,105,984	1,105,984	-	-
Investments and Financial Services Sector	375,000	375,000	-	-
Total	1,480,984	1,480,984	-	-
Quoted debt securities				
Sukuk instruments	9,187,650	9,187,650	-	-
Total	10,668,634	10,668,634	-	-

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

Assets measured at fair value

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

During the period ended 30 June 2023 and year ended 31 December 2022, there were no transfers between the various levels of fair value measurements.

As at 30 June 2023, the fair values of equity securities and debt securities were assessed which resulted in a fair value loss of AED 69,969 (30 June 2022: fair value loss of AED 295,970) and a fair value gain of AED 82,807 (30 June 2022: nil) on these instruments, respectively.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2023 (Unaudited)

18 COMPARATIVE INFORMATION

Certain amounts in the consolidated statement of financial position as at 31 December 2022 have been reclassified in order to conform to the presentation for the current period. These changes have been made to improve the quality of information presented. Such reclassification does not affect previously reported consolidated profit or total comprehensive income or equity.

The table below summarises the reclassification for the line items affected.

Consolidated statement of financial position	<i>As previously reported AED</i>	<i>Reclassifications AED</i>	<i>As reported now AED</i>
Trade and other receivables	111,030,288	(737,287)	110,293,001
Trade and other payables	(54,192,200)	737,287	(53,454,913)

19 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the interim condensed consolidated financial statements for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

While a number of regulations with regards to the application of tax legislations have been recently published, clarifications in relation to certain aspects remain pending and the Group will continue to monitor further developments and assess the impact of the corporate tax including any deferred taxes on the Group.