

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

Interim Condensed Consolidated
Financial Statements
For the period ended September 30, 2023

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements
For the period ended September 30, 2023

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**Report on review of the interim condensed consolidated
financial statements
To the Shareholders of Unikai Foods (P.J.S.C.)****Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Unikai Foods (P.J.S.C.) (the "Company") and its subsidiary (collectively referred to as "the Group") as at September 30, 2023, and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation and 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 condensed consolidated financial statements 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.

Other Matters

- i. The interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2022 were reviewed by another auditor who expressed an unmodified conclusion on those statements on November 11, 2022.
- ii. The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 20, 2023.



GRANT THORNTON
P.O. Box: 1620
DUBAI-U.A.E.
Public Accountants

Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates

November 9, 2023

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of financial position
As at September 30, 2023

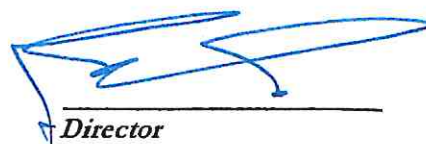
	Notes	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	37,074	33,816
Investment properties	5	42,313	42,313
Right-of-use assets	6	33,682	31,894
Deferred tax asset	14	916	1,212
		<u>113,985</u>	<u>109,235</u>
Current assets			
Inventories	7	43,580	37,560
Trade and other receivables	8	60,409	53,414
Financial assets at fair value through profit or loss	9	18,622	18,634
Bank balances and cash	10	15,133	13,286
		<u>137,744</u>	<u>122,894</u>
TOTAL ASSETS		<u>251,729</u>	<u>232,129</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		3,870	3,870
Asset revaluation surplus		6,646	6,646
Retained earnings		14,543	566
Total equity		<u>57,427</u>	<u>43,450</u>
Non-current liabilities			
Employees' end of service benefits		8,288	7,777
Lease liabilities	13	21,028	25,246
		<u>29,316</u>	<u>33,023</u>
Current liabilities			
Interest-bearing borrowings	11	82,453	85,607
Trade and other payables	12	65,172	55,857
Lease liabilities	13	16,651	13,812
Provision for income tax	14	710	380
		<u>164,986</u>	<u>155,656</u>
Total liabilities		<u>194,302</u>	<u>188,679</u>
TOTAL EQUITY AND LIABILITIES		<u>251,729</u>	<u>232,129</u>

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on _____ and signed on its behalf by:



Director

09-Nov-2023



Director

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of profit or loss
For the period ended September 30, 2023

		Three-month period ended September 30,		Nine-month period ended September 30,	
	Notes	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
Revenue	17	90,655	77,632	261,384	229,701
Cost of sales		(58,960)	(53,065)	(174,059)	(158,271)
GROSS PROFIT		31,695	24,567	87,325	71,430
Administrative, selling and distribution expenses	18	(22,000)	(20,837)	(64,034)	(60,195)
Allowance for expected credit losses on trade receivables		(500)	-	(500)	(1,440)
OPERATING PROFIT		9,195	3,730	22,791	9,795
Finance costs, net	19	(2,650)	(2,170)	(7,797)	(6,007)
Change in fair value of financial assets at FVTPL	9	-	-	1	1,529
Other income		817	771	1,398	2,575
PROFIT BEFORE TAX		7,362	2,331	16,393	7,892
Income tax expense		(514)	(151)	(1,016)	(323)
NET PROFIT FOR THE PERIOD		6,848	2,180	15,377	7,569
Earnings per share					
Basic and diluted earnings per share (AED)	20	0.21	0.07	0.48	0.23

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of comprehensive income
For the period ended September 30, 2023

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED '000	AED '000
NET PROFIT FOR THE PERIOD	6,848	2,180	15,377	7,569
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,848	2,180	15,377	7,569

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of changes in equity
For the period ended September 30, 2023

	Share Capital AED'000	Statutory reserve AED'000	Revaluation surplus AED'000	Retained earnings/ (accumulated losses) AED'000	Total AED'000
As at January 1, 2023 (audited)	32,368	3,870	6,646	566	43,450
Net profit for the period				15,377	15,377
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	15,377	15,377
Directors' remuneration	-	-	-	(1,400)	(1,400)
As at September 30, 2023 (unaudited)	32,368	3,870	6,646	14,543	57,427
As at January 1, 2022 (audited)	32,368	3,158	6,646	(4,939)	37,233
Net profit for the period				7,569	7,569
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	7,569	7,569
Directors' remuneration				(900)	(900)
As at September 30, 2022 (unaudited)	32,368	3,158	6,646	1,730	43,902

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of cash flows
For the period ended September 30, 2023

		Nine-month period ended September 30	
		2023	2022
	Notes	(Unaudited) AED '000	(Unaudited) AED '000
OPERATING ACTIVITIES			
Profit before tax		16,393	7,892
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	4,084	3,690
Depreciation of right-of-use assets		7,659	7,451
Change in fair value of financial assets at FVTPL		(1)	(1,529)
Gain on disposal of property, plant and equipment		(27)	(31)
Allowance for expected credit losses on trade receivables		500	1,440
Provision for slow moving inventories		164	604
Finance costs, net	19	7,797	6,007
Dividend income from financial assets at FVTPL		(184)	(242)
Provision for employees' end of service benefits		1,039	1,247
		<u>37,424</u>	<u>26,529</u>
<i>Changes in working capital</i>			
Inventories		(6,184)	(17,343)
Trade and other receivables		(7,495)	(7,147)
Trade and other payables		9,400	6,147
Cash from operations		<u>33,145</u>	<u>8,186</u>
Employees' end of service benefits paid		(528)	(671)
Directors' remuneration paid		(1,400)	(900)
Income tax paid		(390)	(654)
Net cash flows from operating activities		<u>30,827</u>	<u>5,961</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(7,362)	(3,262)
Placement of fixed deposits		(125)	(375)
Finance income received		125	139
Proceeds from disposal of property, plant and equipment		47	49
Proceeds from disposal of financial assets at FVTPL		13	-
Dividend received		184	242
Net cash flows used in investing activities		<u>(7,118)</u>	<u>(3,207)</u>
FINANCING ACTIVITIES			
Interest-bearing borrowings, net movement		(4,899)	11,845
Dividends paid		(85)	-
Finance cost paid		(6,439)	(4,637)
Payment of lease liabilities		(12,309)	(8,063)
Net cash flow used in financing activities		<u>(23,732)</u>	<u>(855)</u>
Net change in cash and cash equivalents		<u>(23)</u>	<u>1,899</u>
Cash and cash equivalents at the beginning of the period		<u>(7,304)</u>	<u>(6,767)</u>
Cash and cash equivalents at the end of the period	10	<u>(7,327)</u>	<u>(4,868)</u>

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements

For the period ended September 30, 2023

1 Legal status and principal activities

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company incorporated on April 11, 1977 by a Decree issued by the late His Highness Sheikh Rashid bin Saeed Al Maktoum, the Ruler of Dubai, and listed on Dubai Financial Market. The Company holds 100% shareholding in 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 together with the Subsidiary are 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 in the Arabian Gulf countries in addition to other countries. The trading activities of the Group are carried on under the name “Unikai International” for which the Company holds two separate trade licenses: “Unikai International P.J.S.C.” and “Unikai International LLC”. The registered address of the Company is P.O. Box 6424, Dubai, UAE.

These interim condensed consolidated financial statements for the nine-month period ended September 30, 2023 include the financial performance and position of the Company and its subsidiary.

2 Basis of preparation and summary of significant accounting policies

a) Basis of preparation

The interim condensed consolidated financial statements of the Group for the nine-month period ended September 30, 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2022. In addition, the results for the nine-month period ended September 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of these interim condensed consolidated financial statements are the same as those applied in the preparation of the audited consolidated financial statements as at and for the year ended December 31, 2022.

The interim condensed consolidated financial statements have been prepared on an accruals basis under the historical cost convention except for investment properties and financial assets at fair value through profit or loss (FVTPL), which have been measured at fair value.

b) Going concern

The interim condensed consolidated financial statements of the Group have been prepared on a going concern basis. The Group’s management and the Board of Directors have made the assessment of the Group’s ability to continue as a going concern based on the following factors:

- The Group has positive equity of AED 57.94 million as at the period end, which is improving year on year.
- The Group has forecasted positive operating cash flows with expected growth in revenue and profits for the year 2023 and onwards.
- The management had undertaken a detailed review of costs during 2023 with a view to reducing the cost of sales, operational and administrative costs to improve the financial performance of the Group.
- The banks have extended their existing facilities and have also provided additional facilities for 2023. The Group has sufficient credit facilities available from banks to meet its cash flow requirements.

Further, management and the Board of Directors are not aware of any material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

2 Basis of preparation and summary of significant accounting policies (continued)

c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Company's functional currency. All values are rounded to the nearest thousands ('000) except where indicated otherwise.

d) Basis of consolidation

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

e) Significant accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

f) New Standards, Interpretations and Amendments adopted as at January 1, 2023

Certain accounting pronouncements have become effective from January 1, 2023 and have therefore been adopted by the Group. However, these standards do not have any significant impact on the interim condensed consolidated financial statements therefore further disclosures have not been made.

3 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2022.

4 Property, plant and equipment

During the nine-month period ended September 30, 2023, the Group acquired property, plant and equipment amounting to AED 7.36 million (September 30, 2022: AED 3.26 million).

Depreciation charge on property, plant and equipment for the nine-month period ended September 30, 2023 amounted to AED 4.09 million (September 30, 2022: AED 3.69 million).

5 Investment properties

Investment properties with a carrying amount of AED 42.31 million (2022: AED 42.31 million) comprise a labour accommodation, a warehouse and a right-of-use of land that are leased to third parties under operating lease arrangements. The fair values of investment properties were determined by an external independent property valuer as at December 31, 2022, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Based on the market assessment and available comparable market data as at September 30, 2023, the management assessed that there have been no significant changes in the fair value of investment properties from December 31, 2022, and therefore no change in fair value has been recognised during the period (2022: nil).

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

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

6 Right-of-use assets

	Nine-month period ended September 30, 2023 (Unaudited) AED'000	Year ended December 31, 2022 (Audited) AED'000
At the beginning of the period/year	31,894	34,924
Additions during the period/year	9,447	7,003
Depreciation for the period/year	(7,659)	(10,033)
At the end of the period/year	<u>33,682</u>	<u>31,894</u>

The Group has lease contracts for various plots of land, buildings and motor vehicles used in its operations.

7 Inventories

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Raw materials and packing materials	20,589	16,022
Semi-finished goods	1,357	609
Finished goods	7,362	6,288
Trading goods	6,169	4,589
Consumable stores and spare parts	<u>6,840</u>	<u>6,570</u>
	42,317	34,078
Less: provision for slow-moving inventories	<u>(1,519)</u>	<u>(1,355)</u>
	40,798	32,723
Goods-in-transit	<u>2,782</u>	<u>4,837</u>
	<u>43,580</u>	<u>37,560</u>

8 Trade and other receivables

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trade receivables	77,952	73,657
Less: allowance for expected credit losses	<u>(27,618)</u>	<u>(26,918)</u>
	50,334	46,739
Prepayments	3,027	2,835
Advances to suppliers	3,926	525
Other receivables	3,737	4,130
Less: allowance for expected credit losses on other receivables	<u>(615)</u>	<u>(815)</u>
	<u>60,409</u>	<u>53,414</u>

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

9 Financial assets at fair value through profit or loss

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Unquoted equities – UAE	18,622	18,634

Movements during the period/year were as follow:

	Nine-month period ended September 30, 2023 (Unaudited) AED'000	Year ended December 31, 2022 (Audited) AED'000
At the beginning of the period/year	18,634	15,931
Disposal	(13)	-
Change in fair value	1	2,703
At the end of the period/year	18,622	18,634

At December 31, 2022, the fair value of the investments was determined by the management using capitalisation of future maintainable earnings of the investee using a market valuation multiple. Valuation multiple is based on market expectations after considering conditions including the economy in general and the business and industry of the investee in particular, using market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques.

Management, based on comparable market data, has assessed that there have been no significant changes in the fair value of investments from December 31, 2022, except for investment disposed of during the period.

10 Cash and cash equivalents

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Cash in hand	1,682	730
Bank balances*	13,451	12,556
Bank balances and cash	15,133	13,286
Less: bank overdrafts (Note 11)	(10,590)	(8,845)
Less: fixed deposits*	(11,870)	(11,745)
Cash and cash equivalents	(7,327)	(7,304)

* Bank balances include fixed deposits of AED 11.87 million (December 31, 2022: AED 11.75 million) having an original maturity of one year and carry interest at commercial rates. During the nine-month period ended September 30, 2023, the Group earned an aggregate profit of AED 0.13 million on its fixed deposits (September 30, 2022: AED 0.14 million).

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

11 Interest-bearing borrowings

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trust receipts	66,817	59,504
Bank overdrafts (Note 10)	10,589	8,845
Term loans	5,047	17,258
	<u>82,453</u>	<u>85,607</u>

During the period, the Group obtained additional trust receipts facilities from the bank amounting to AED 15 million. Trust receipts and bank overdrafts have been obtained to finance the working capital requirements and are short term in nature and carry interest at commercial rates.

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

As at September 30, 2023 and December 31, 2022 the Group has not complied with certain financial covenants, and therefore, the entire balance of term loans has been classified as current liability.

12 Trade and other payables

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trade payables	53,657	46,337
Accruals and other payables	8,163	8,227
Advances received from customers	2,808	793
VAT payable	544	415
Dividends payable	-	85
	<u>65,172</u>	<u>55,857</u>

13 Lease liabilities

	Nine-month period ended September 30, 2023 (Unaudited) AED'000	Year ended December 31, 2022 (Audited) AED'000
At the beginning of the period/year	39,058	40,381
Additions during the period/year	9,447	7,003
Accretion of interest	1,483	2,126
Payments made during the period/year	(12,309)	(10,452)
At the end of the period/year	<u>37,679</u>	<u>39,058</u>
Current	16,651	13,812
Non-current	21,028	25,246
	<u>37,679</u>	<u>39,058</u>

Unikai Foods (P.J.S.C.) and its subsidiary
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Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

14 Taxation

The provision for taxation is in respect of the Group's operations carried out by its Subsidiary in the Sultanate of Oman ("Oman"). The Subsidiary is liable to income tax in accordance with the income tax laws of Oman depending on the level of its taxable profit. The Subsidiary has recognised income tax expense of AED 1.02 million for the nine-month period ended September 30, 2023 (2022: AED 0.32 million) as per the applicable tax laws in Oman.

In the opinion of the Group's management, the provision for taxation of AED 0.71 million (2022: AED 0.38 million) as at the reporting date is adequate to meet the Group's tax liabilities.

Deferred tax asset of AED 0.92 million as of September 30, 2023 (2022: AED 1.21 million), relate to temporary timing differences of AED 6.11 million (2022: AED 8.08 million) at the prevailing tax rate based on the management's assessment to utilise against expected tax profits in following years. The deferred tax expense of AED 0.30 million for the nine-month period ended September 30, 2023 (2022: AED 0.03 million) relates to movement in temporary timing differences.

15 Related party transactions

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.

Compensation of key management personnel

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Short-term benefits	430	419	1,401	1,477
End of service benefits	22	22	66	123
	<u>452</u>	<u>441</u>	<u>1,467</u>	<u>1,600</u>

Due from related parties

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
	AED'000	AED'000
Due from shareholders	<u>-</u>	<u>542</u>

Due to related parties

	September 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
	AED'000	AED'000
Key management personnel	<u>1,093</u>	<u>914</u>

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

16 Contingencies and commitments

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Letters of credit	1,352	799
Letters of guarantee	1,598	1,598

Capital Commitments

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

	September 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Capital commitments	4,028	3,590

Legal cases

As at September 30, 2023, the Group has 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 provisions are required as at September 30, 2023 (2022: Nil).

17 Revenue from contract with customers

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Sales of goods	90,655	77,632	261,384	229,701
Geographical market				
United Arab Emirates	46,561	41,209	136,229	123,172
Oman	41,615	32,890	115,178	95,596
Other countries	2,479	3,533	9,977	10,933
	90,655	77,632	261,384	229,701
Timing of revenue recognition				
At a point in time	90,655	77,632	261,384	229,701

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

18 Administrative, selling and distribution expenses

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Staff salaries and benefits	10,954	10,192	33,050	30,595
Depreciation of right-of-use assets	2,611	2,609	7,659	7,451
Commercial vehicle expenses*	2,879	3,231	8,094	8,833
Utilities	1,946	1,688	4,730	4,149
Depreciation of property, plant and equipment	823	698	2,298	2,021
Rent and taxes	245	151	1,133	627
Legal & professional fees	749	505	1,605	1,355
Advertisement and other selling expenses	30	38	148	144
Others	1,763	1,725	5,317	5,020
	22,000	20,837	64,034	60,195

* Commercial vehicle expenses include operating lease rentals of AED 0.02 million for the three-month period ended September 30, 2023 and AED 0.07 million for the nine month period ended September 30, 2023 (three month period ended September 30, 2022 AED 0.02 million and nine month period ended September 30, 2022 AED 0.11 million).

19 Finance costs, net

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Finance cost on term loans	67	399	639	1,246
Finance cost on lease liabilities	514	493	1,483	1,509
Finance cost on trust receipts	1,583	859	4,237	2,054
Bank charges	299	321	892	892
Finance cost on bank overdrafts	162	100	475	294
Bank facility charges	78	33	196	151
Finance income on fixed deposits	(53)	(35)	(125)	(139)
	2,650	2,170	7,797	6,007

Unikai Foods (P.J.S.C.) and its subsidiary
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20 Earnings per share

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period (AED'000)	6,848	2,180	15,377	7,569
Weighted average number of shares (in '000)	32,368	32,368	32,368	32,368
Basic and diluted earnings per share (AED)	0.21	0.07	0.48	0.23

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

21 Segmental reporting

The Group operates in the single reporting segment of dairy, juice, ice cream, and other food products. All the relevant information relating to this reporting/operating segment is disclosed in the interim consolidated statement of financial position, interim consolidated statement of profit or loss, interim 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 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 nine-month period ended September 30, 2023, there were no customers of the Group with revenue greater than 10% of the total revenue of the Group (nine-month period ended September 30, 2022: None).

22 Fair value measurements

Assets and liabilities measured at fair value in the interim consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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Notes to the interim condensed consolidated financial statements (continued)
For the period ended September 30, 2023

22 Fair value measurements (continued)

As at September 30, 2023 and December 31, 2022, the Group held the following assets measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
At September 30, 2023 (Unaudited)			
Financial assets			
Financial assets at fair value through profit or loss	-	-	18,622
Non-financial assets			
Investment properties	-	-	42,313
At December 31, 2022 (Audited)			
Financial assets			
Financial assets at fair value through profit or loss	-	-	18,634
Non-financial assets			
Investment properties	-	-	42,313

23 Corporate Tax in the UAE

On December 9, 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 June 1, 2023 and accordingly, it has an income tax related impact on the interim condensed consolidated financial statements for accounting periods beginning on or after June 1, 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.

The Group will be subject to taxation commencing January 1, 2024. Management is in the process of assessing the deferred tax implication on the Group.

24 Seasonality

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