

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 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 September 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 nine-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 nine-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

13 November 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 September 2023 (Unaudited)

		<i>Nine months ended</i>		<i>Three months ended</i>	
		<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
	<i>Notes</i>				
Revenue from contracts with customers, gross		451,459,016	528,051,815	126,668,087	142,524,928
Less: Discounts and rebates		(20,088,373)	(18,474,438)	(5,366,331)	(5,294,978)
Revenue from contracts with customers, net		431,370,643	509,577,377	121,301,756	137,229,950
Cost of sales		(366,272,892)	(447,751,928)	(102,571,285)	(127,653,059)
GROSS PROFIT		65,097,751	61,825,449	18,730,471	9,576,891
Selling and distribution expenses		(33,193,054)	(34,320,628)	(10,080,232)	(10,215,284)
General and administrative expenses		(14,693,699)	(13,615,012)	(4,965,690)	(4,329,277)
Finance costs		(735,809)	(1,471,189)	(245,519)	(652,531)
Other income, net		2,958,839	1,620,117	1,333,881	498,755
PROFIT/ (LOSS) FOR THE PERIOD	3	19,434,028	14,038,737	4,772,911	(5,121,446)
Profit/ (loss) attributable to:					
Owners of the Group		19,434,028	14,038,737	4,772,911	(5,121,446)
Earnings/ (loss) per share:					
Basic and diluted in AED	10	0.64	0.46	0.16	(0.17)

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 September 2023 (Unaudited)

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
Profit/(loss) for the period	19,434,028	14,038,737	4,772,911	(5,121,446)
Other comprehensive income/(loss):				
<u>Items that will not be reclassified</u>				
<u>subsequently to profit or loss</u>				
Change in fair value of equity securities measured at FVOCI 17	(1,267)	(515,033)	68,702	(219,063)
	<u>(1,267)</u>	<u>(515,033)</u>	<u>68,702</u>	<u>(219,063)</u>
<u>Items that may be reclassified</u>				
<u>subsequently to profit or loss</u>				
Change in fair value of debt securities at FVOCI - Sukuk instruments 17	(68,323)	(341,217)	(151,130)	(341,217)
	<u>(68,323)</u>	<u>(341,217)</u>	<u>(151,130)</u>	<u>(341,217)</u>
Other comprehensive loss	(69,590)	(856,250)	(82,428)	(560,280)
TOTAL COMPREHENSIVE INCOME /(LOSS) FOR THE PERIOD	19,364,438	13,182,487	4,690,483	(5,681,726)

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 September 2023

		30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	4	76,794,791	82,751,868
Right-of-use assets	5	20,381,351	19,773,326
Intangible assets		1,763,402	1,513,122
Financial assets at fair value through other comprehensive income	17	10,586,206	10,655,796
		109,525,750	114,694,112
Current assets			
Inventories	6	70,313,926	125,286,273
Trade and other receivables	7	98,909,921	110,293,001
Amounts due from related parties	13	129,150	501,029
Bank balances and cash	8	106,197,993	37,447,219
		275,550,990	273,527,522
TOTAL ASSETS		385,076,740	388,221,634
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		79,582	149,172
Retained earnings		197,530,567	184,146,539
Total equity		323,425,129	310,110,691
Non-current liabilities			
Employees' end of service benefits		9,773,189	9,136,368
Lease liabilities	11	14,162,962	13,424,885
		23,936,151	22,561,253
Current liabilities			
Trade and other payables	12	35,551,916	53,454,913
Lease liabilities	11	2,163,544	2,094,777
		37,715,460	55,549,690
Total liabilities		61,651,611	78,110,943
TOTAL EQUITY AND LIABILITIES		385,076,740	388,221,634


Ali Bin Humaid Ali Abdalla Al Owais
Chairman
13 November 2023


Mohammed Abdel Aziz Ali Abdalla Al Owais
Executive Vice Chairman
13 November 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 September 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	-	-	-	-	-	19,434,028	19,434,028
Other comprehensive loss	-	-	-	-	(69,590)	-	(69,590)
Total comprehensive income/(loss) for the period	-	-	-	-	(69,590)	19,434,028	19,364,438
Dividends declared	-	-	-	-	-	(6,050,000)	(6,050,000)
Balance as at 30 September 2023 (unaudited)	30,250,000	15,125,000	15,125,000	65,314,980	79,582	197,530,567	323,425,129

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 September 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 September 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	-	-	-	-	-	14,038,737	14,038,737
Other comprehensive loss	-	-	-	-	(856,250)	-	(856,250)
Total comprehensive income/(loss) for the period	-	-	-	-	(856,250)	14,038,737	13,182,487
Dividends declared	-	-	-	-	-	(6,050,000)	(6,050,000)
Balance as at 30 September 2022 (unaudited)	<u>30,250,000</u>	<u>15,125,000</u>	<u>15,125,000</u>	<u>65,314,980</u>	<u>(22,817)</u>	<u>182,343,120</u>	<u>308,135,283</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 September 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 September 2023 (Unaudited)

		<i>Nine months ended</i>	
		<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit for the period		19,434,028	14,038,737
Adjustments for:			
Depreciation on property, plant and equipment		8,272,566	8,317,636
Depreciation on right-of-use assets	5	1,551,055	1,352,606
Amortisation of intangible assets		396,034	173,549
Finance costs		735,809	1,471,189
Provision for employees' end of service benefits		1,107,272	1,169,387
Provision for expected credit losses	7	459,280	1,233,228
Provision for slow moving inventories	6	979,264	1,100,973
Gain on disposal of property, plant and equipment		(271,293)	(200,952)
Derecognition of lease liabilities		32,068	-
		32,696,083	28,656,353
Working capital changes:			
Inventories		53,993,083	(24,399,403)
Trade and other receivables		10,923,800	(19,552,936)
Trade and other payables		(17,902,997)	2,105,679
Amounts due from related parties		371,879	72,818
Cash generated from/ (used in) operating activities		80,081,848	(13,117,489)
Employees' end of service benefits paid		(470,451)	(528,762)
Net cash generated from/ (used in) operating activities		79,611,397	(13,646,251)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(2,951,316)	(5,127,246)
Proceeds from disposal of property, plant and equipment		271,811	200,952
Purchase of intangible assets		(11,005)	(198,304)
Fixed deposit placements		-	(19,000,000)
Purchase of investment securities		-	(9,386,477)
Net cash used in investing activities		(2,690,510)	(33,511,075)
FINANCING ACTIVITIES			
Payment of lease liabilities	11	(2,043,228)	(1,719,994)
Finance costs paid		(76,885)	(926,885)
Dividends paid		(6,050,000)	(6,050,000)
Net cash used in financing activities		(8,170,113)	(8,696,879)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		68,750,774	(55,854,205)
Cash and cash equivalents at 1 January		17,447,219	46,896,458
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	8	86,197,993	(8,957,747)

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

At 30 September 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 September 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 nine month period ended 30 September 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 period ended 30 September 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

At 30 September 2023 (Unaudited)

3 PROFIT/ (LOSS) FOR THE PERIOD

Profit/ (loss) for the period is stated after charging:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
Inventories charged to cost of sales	343,598,794	426,702,734	95,004,488	121,183,598
Employee expenses	32,281,867	30,279,688	10,687,127	9,722,413
Rental - operating lease *	118,816	269,099	44,411	54,624

*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 September 2023, the Group incurred costs in respect of additions amounting to AED 2,951,316 (for the year ended 31 December 2022: AED 6,908,431).

As at 30 September 2023, capital work-in-progress of AED 3,213,462 (31 December 2022: AED 3,495,713) includes the expenditure incurred on the expansion of factory and warehouse facility in Jebel Ali Industrial Area.

5 RIGHT-OF-USE ASSETS

	<i>30 September 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
As at 1 January	19,773,326	17,739,476
Addition during the period/ year	-	1,952,234
Modifications during the period/ year	2,191,148	1,932,876
Less: retirements during the period/ year	(32,068)	(8,156)
Less: depreciation for the period/ year	(1,551,055)	(1,843,104)
	20,381,351	19,773,326

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

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Unaudited)

6 INVENTORIES

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Raw materials	25,628,445	44,074,006
Finished goods	17,639,146	28,755,761
Packing materials	2,420,563	2,404,420
Work-in-progress	5,142,618	8,740,748
Spares and consumables	2,444,463	2,520,761
	53,275,235	86,495,696
Less: provision for slow moving inventories	(1,796,046)	(816,782)
	51,479,189	85,678,914
Goods-in-transit	18,834,737	39,607,359
	70,313,926	125,286,273

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	816,782	760,930
Charge for the period/ year, net	979,264	55,852
	1,796,046	816,782

7 TRADE AND OTHER RECEIVABLES

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade receivables	98,980,098	108,856,873
Less: provision for expected credit losses	(6,421,582)	(5,962,302)
	92,558,516	102,894,571
Prepaid expenses	4,093,768	4,497,682
Advances to suppliers	422,779	683,098
Accrued interest receivable	1,000,292	583,042
Staff receivables	139,360	122,830
Consideration receivable	-	608,000
Other receivables	695,206	903,778
	98,909,921	110,293,001

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Unaudited)

7 TRADE AND OTHER RECEIVABLES (continued)

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	5,962,302	4,722,443
Provision for the period/ year, net	459,280	1,239,859
	6,421,582	5,962,302

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 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)	30 September 2022 AED (Unaudited)
Cash in hand	149,417	91,089	155,782
Bank balances	10,948,576	17,256,130	20,009,265
Deposits *	95,100,000	20,100,000	20,100,000
Bank balances and cash	106,197,993	37,447,219	40,265,047
Less: Deposits with an original maturity of more than 3 months	(20,000,000)	(20,000,000)	(20,000,000)
Due to banks **	-	-	(29,222,794)
Cash and cash equivalents	86,197,993	17,447,219	(8,957,747)

*Deposits are placed with local banks and accrue interest at prevailing market rates. During the nine-month period ended 30 September 2023, the Group earned interest income on these deposits of AED 1,564,800 (during the nine-month period ended 30 September 2022: AED 496,538).

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

9 SHARE CAPITAL

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

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Unaudited)

10 EARNINGS PER SHARE

Basic and diluted earnings per share for the nine-month period ended 30 September 2023 of AED 0.64 per share (for the nine-month period ended 30 September 2022: AED 0.46 per share) are calculated by dividing the profit for the nine-month period ended 30 September 2023 amounting to AED 19,434,028 (for the nine-month period ended 30 September 2022: AED 14,038,737) by the weighted average number of ordinary shares outstanding during the nine-month period ended 30 September 2023 of 30,250,000 shares (during the nine-month period ended 30 September 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 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
At 1 January	15,519,662	13,253,053
Additions during the period/ year	-	1,952,234
Modifications during the period/ year	2,191,148	1,932,876
Add: interest expense on lease liabilities	658,924	752,550
Less: payments during the period/ year	(2,043,228)	(2,371,051)
	16,326,506	15,519,662

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

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Current	2,163,544	2,094,777
Non-current	14,162,962	13,424,885
	16,326,506	15,519,662

12 TRADE AND OTHER PAYABLES

	30 September 2023 AED (Unaudited)	31 December 2022 AED (Audited)
Trade payables	13,891,823	15,735,275
Accrued expenses and other payables	15,726,443	15,063,049
Advances from customers	4,689,382	1,957,490
VAT payable	1,244,268	1,161,999
Accruals for goods in transit	-	17,868,742
Directors' remuneration payable (note 13)	-	1,592,100
Dividends payable (note 13)	-	76,258
	35,551,916	53,454,913

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 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 Company's management in line with the Company's board of directors.

a) Significant transactions with related parties:

Significant transactions with related parties during the period are as follows:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
<i>Entities under common control:</i>				
Sales to related parties	<u>1,354,165</u>	<u>1,689,985</u>	<u>179,100</u>	<u>504,050</u>

Compensation of key management personnel

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

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>	<i>30 September 2023 AED (Unaudited)</i>	<i>30 September 2022 AED (Unaudited)</i>
Short-term benefits	2,542,128	2,300,628	847,376	766,876
Employees' end of service benefits	117,586	108,610	39,414	36,390
Bonus	433,808	433,808	146,192	147,780
Director Sitting fee	80,000	75,000	30,000	30,000
	<u>3,173,522</u>	<u>2,918,046</u>	<u>1,062,982</u>	<u>981,046</u>

b) Amounts due from related parties:

	<i>30 September 2023 AED (Unaudited)</i>	<i>31 December 2022 AED (Audited)</i>
<i>Entities under common control</i>		
Trade receivables	<u>129,150</u>	<u>501,029</u>

c) Amounts due to related parties:

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

United Foods Company (PSC) and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2023 (Unaudited)

14 CONTINGENCIES AND COMMITMENTS

Contingent liabilities

At 30 September 2023, the Group had contingent liabilities in respect of banks amounting to AED 3,264,275 (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 September 2023, the Group had capital commitments in respect of purchase of property, plant and equipment amounting to AED 8,512,460 (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 September 2023, revenue from no customer accounts for 10% or more of the Group's total revenue (30 September 2022: revenue from no customer accounts for 10% or more of the Group's total revenue).

16 FIDUCIARY ASSETS

As at 30 September 2023, the Group held 4.83 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.

United Foods Company (PSC) and its Subsidiaries

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At 30 September 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 September 2023, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	30 September 2023	Level 1	Level 2	Level 3
	AED	AED	AED	AED
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Quoted equity securities				
Consumer Staples Sector	1,152,186	1,152,186	-	-
Investments and Financial Services Sector	397,500	397,500	-	-
	<u>1,549,686</u>	<u>1,549,686</u>	<u>-</u>	<u>-</u>
Quoted debt securities				
Sukuk instruments	9,036,520	9,036,520	-	-
Total	<u>10,586,206</u>	<u>10,586,206</u>	<u>-</u>	<u>-</u>

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

Assets measured at fair value

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

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

As at 30 September 2023, the fair values of equity securities and debt securities were assessed which resulted in a fair value loss of AED 1,267 (30 September 2022: AED 515,033) and a fair value loss of AED 68,323 (30 September 2022: AED 341,217) on these instruments, respectively.

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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.