

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

Condensed consolidated interim financial  
statement

*30 September 2016*

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

## Condensed consolidated interim financial statements 30 September 2016

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial statements	1-2
Condensed consolidated income statement	3
Condensed consolidated statement of profit or loss and other comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7
Notes to the condensed consolidated interim financial statements	8-18





### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim 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 30 September 2016 condensed consolidated interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Fawzi AbuRass  
Registration No. 968  
Dubai, United Arab Emirates

13 NOV 2016

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

## Condensed consolidated income statement

for the three month and nine month period ended 30 September 2016 (unaudited)

	Not e	Nine month period ended 30 September		Three month period ended 30 September	
		2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Revenue		247,620	232,250	85,581	78,835
Cost of sales	3	(151,769)	(151,972)	(53,242)	(50,178)
<b>Gross profit</b>		<b>95,851</b>	<b>80,278</b>	<b>32,339</b>	<b>28,657</b>
Administrative and distribution expense	4	(83,738)	(72,090)	(28,979)	(24,294)
<b>Operating profit for the period</b>		<b>12,113</b>	<b>8,188</b>	<b>3,360</b>	<b>4,363</b>
Finance costs		(2,718)	(2,619)	(890)	(690)
Other income	5	2,775	5,031	1,296	625
<b>Profit for the period before tax</b>		<b>12,170</b>	<b>10,600</b>	<b>3,766</b>	<b>4,298</b>
Tax expense		(170)	(171)	(57)	(57)
<b>Profit for the period</b>		<b>12,000</b>	<b>10,429</b>	<b>3,709</b>	<b>4,241</b>
<b>Profit attributable to:</b>					
Owners of the Company		12,000	10,429	3,709	4,241
<b>Earnings per share</b>					
Basic earnings per share (AED)	19	0.40	0.34	0.12	0.14

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of profit or loss and other comprehensive income  
for the three month and nine month period ended 30 September 2016 (unaudited)

	Nine month period ended 30 September		Three month period ended 30 September	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Profit for the period	12,000	10,429	3,709	4,241
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net change in fair value of available-for-sale investments	19	(83)	15	(76)
<i>Other comprehensive income/(expense) for the period</i>	19	(83)	15	(76)
<b>Total comprehensive income/(expense) for the period</b>	<b>12,019</b>	<b>10,346</b>	<b>3,724</b>	<b>4,165</b>
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	12,019	10,346	3,724	4,165

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

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


## Condensed consolidated statement of financial position

as at 30 September 2016

		30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
<b>Non-current assets</b>				
Property, plant and equipment	6	25,527	22,886	23,775
Intangible assets		44	461	598
Available-for-sale investments	7	5,919	5,900	6,012
		<u>31,490</u>	<u>29,247</u>	<u>30,385</u>
<b>Current assets</b>				
Inventories	8	43,747	37,333	40,331
Trade and other receivables	9	52,440	38,841	39,187
Cash in hand and at bank	10	8,533	1,188	3,521
Assets held for sale	11	12,413	13,449	15,169
		<u>117,133</u>	<u>90,811</u>	<u>98,208</u>
<b>Total assets</b>		<u>148,623</u>	<u>120,058</u>	<u>128,593</u>
<b>Equity</b>				
Share capital		30,250	30,250	30,250
Legal reserve	12	900	900	-
Restricted reserve		792	792	576
General reserve	12	-	900	-
Retained earnings/(accumulated losses)	12	8,763	(4,137)	(5,163)
Fair value reserve		73	54	166
		<u>40,778</u>	<u>28,759</u>	<u>25,829</u>
<b>Non-current liabilities</b>				
Employee end-of-service benefits		6,884	6,158	7,331
Long term borrowing	13	1,875	-	-
		<u>8,759</u>	<u>6,158</u>	<u>7,331</u>
<b>Current liabilities</b>				
Short term borrowings	13	62,076	48,681	51,390
Trade and other payables	14	34,570	35,533	43,178
Due to related parties	16	1,774	65	60
Provision for tax	15	666	862	805
		<u>99,086</u>	<u>85,141</u>	<u>95,433</u>
<b>Total liabilities</b>		<u>107,845</u>	<u>91,299</u>	<u>102,764</u>
<b>Total equity and liabilities</b>		<u>148,623</u>	<u>120,058</u>	<u>128,593</u>

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements was authorized for issue on behalf of the Board of Directors on

  
Director

13 NOV 2016

13 NOV 2016

  
Director

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

## Condensed consolidated statement of cash flows for the nine month period ended 30 September 2016 (unaudited)

	30 September 2016 AED 000	30 September 2015 AED 000
<b>Cash flows from operating activities</b>		
Profit for the period before tax	12,170	10,600
<i>Adjustments for:</i>		
Depreciation	4,022	4,666
Amortisation of intangible assets	417	413
Dividend income	(526)	-
Finance costs	2,718	2,619
Gain on disposal of property, plant and equipment (net)	(627)	(3,267)
Provision for employee end-of-service benefit	1,156	735
	-----	-----
	19,330	15,766
<i>Changes in:</i>		
- inventories	(6,414)	(5,663)
- trade and other receivables	(13,599)	(9,303)
- trade and other payables	(963)	(904)
- due to related parties	1,709	27
Employee end-of-service benefits paid	(430)	(1,233)
Taxes paid	(366)	(101)
	-----	-----
<b>Net cash used in operating activities</b>	(733)	(1,411)
	-----	-----
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	693	3,976
Acquisition of property, plant and equipment	(5,693)	(1,543)
Dividend received	526	-
	-----	-----
<b>Net cash (used in)/from investing activities</b>	(4,474)	2,433
	-----	-----
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings	15,444	20,425
Interest paid	(2,718)	(2,619)
	-----	-----
<b>Net cash from financing activities</b>	12,726	17,806
	-----	-----
<b>Net increase in cash and cash equivalents</b>	7,519	18,828
Cash and cash equivalents at the beginning of the period	(3,667)	(17,825)
	-----	-----
<b>Cash and cash equivalents at end of period</b>	3,852	1,003
	-----	-----
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	8,533	3,521
Bank overdraft (note 13)	(4,681)	(2,518)
	-----	-----
	3,852	1,003
	=====	=====

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial statements.



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

### Condensed consolidated statement of changes in equity for the nine month period ended 30 September 2016

	Share capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Fixed assets replacement reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Fair value reserve AED'000	Total AED'000
Balance at 1 January 2015 (audited)	30,250	13,965	576	83,300	15,000	(127,857)	249	15,483
<i>Total comprehensive income for the period (unaudited)</i>								
Profit for the period	-	-	-	-	-	10,429	-	10,429
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	(83)	(83)
Total comprehensive income for the period	-	-	-	-	-	10,429	(83)	10,346
Other equity movements								
Transfers to retained earnings/(accumulated losses) (refer note 12)	-	(13,965)	-	(83,300)	(15,000)	112,265	-	-
Balance at 30 September 2015 (unaudited)	30,250	-	576	-	-	(5,163)	166	25,829
Balance at 1 January 2016 (audited)	30,250	900	792	900	-	(4,137)	54	28,759
<i>Total comprehensive income for the period (unaudited)</i>								
Profit for the period	-	-	-	-	-	12,000	-	12,000
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	19	19
Total comprehensive income for the period	30,250	900	792	900	-	12,000	73	40,778
Transfers to retained earnings/(accumulated losses) (refer note 12)	-	-	-	(900)	-	900	-	-
Balance at 30 September 2016 (unaudited)	30,250	900	792	-	-	8,763	73	40,778

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

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

## Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 2016 (unaudited)

### 1. Reporting entity

Unikai Foods (P.J.S.C.) (“the Company”) is a Public Shareholding Company incorporated on 11 April 1977 by a Decree from His Highness, The Ruler of Dubai. The Company holds 100% equity 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 and its Subsidiary are collectively referred to as “the Group”. The legal status of the Subsidiary is set out in note 18. The Company is listed on the Dubai Financial Market.

The Group is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf and other countries. The trading activities of the Group are carried on in the name of “Unikai International”. The registered address of the Company is P.O. Box 6424, Dubai, UAE.

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the change in the name of the Company from its existing name “United Kaipara Dairies P.S.C.” to “Unikai Foods P.J.S.C.”.

### 2. Basis of preparation

#### Statement of compliance

The condensed consolidated interim financial statements has been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

#### Functional and presentation currency

The condensed consolidated interim financial statements of the Group is presented in UAE Dirhams (“AED”), which is the Company’s functional currency, rounded to the nearest thousand. The condensed consolidated interim financial statements has been prepared under the historical cost convention, except for financial instruments classified as available-for-sale and stated at fair value.

#### Accounting estimates and judgments

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

The significant judgments made by the management in applying the Group’s accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 4. Administrative and distribution expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Staff salaries and benefits	31,184	28,053	10,838	9,820
Advertisement and other selling expenses	17,694	10,644	5,392	3,608
Commercial vehicle expenses	14,527	11,021	5,525	4,168
Depreciation	2,210	2,897	737	909
Amortisation of intangible assets	417	413	139	140
Other expenses	17,706	19,062	6,348	5,649
	<u>83,738</u>	<u>72,090</u>	<u>28,979</u>	<u>24,294</u>

## 5. Other income

Other income for the nine month period ended 30 September 2016 mainly includes gain on disposal of property, plant and equipment (primarily vehicles) amounting to AED 0.6 million (*nine month period ended 30 September 2015: AED 3.27 million*), dividend income amounting to AED 0.5 million (*nine month period ended 30 September 2015: Nil*) and rental income amounting to AED 1.4 million (*nine month period ended 30 September 2015: 0.6 million*).

## 6. Property, plant and equipment

### Additions and disposals (unaudited)

During the nine month period ended 30 September 2016, the Group acquired assets amounting to AED 5.7 million and disposed off assets with a net book value of AED 0.07 million (*nine month period ended 30 September 2015: AED 1.5 million and AED 0.7 million, respectively*).

In the previous year, the Directors approved the permanent closure of the Group's Sohar factory in Oman and decided to dispose off the factory assets. Consequently, assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets. The efforts to sell the above mentioned assets are ongoing and the sale is expected to be completed in the near future. Also refer note 11.

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 7. Available-for-sale investments

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Opening balance	5,900	6,095	6,095
Change in fair value	19	(195)	(83)
	-----	-----	-----
Closing balance	<u>5,919</u>	<u>5,900</u>	<u>6,012</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (31 December 2015: AED 5.6 million). Since the investments in Rawabi Emirates PJSC do not have a quoted market price in any active market, the fair value cannot be reliably measured and therefore the investment is stated at cost less impairment losses, if any.

## 8. Inventories

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Raw materials and packing materials	26,313	26,263	29,454
Semi-finished goods	1,760	705	1,460
Finished goods	9,051	7,100	7,094
Trading goods	8,398	6,618	8,202
Consumables stores and spare parts	5,702	6,601	6,634
	-----	-----	-----
	51,224	47,287	52,844
Less: Provision for slow-moving inventories	(8,645)	(10,355)	(13,223)
	-----	-----	-----
	42,579	36,932	39,621
Goods-in-transit	1,168	401	710
	-----	-----	-----
	<u>43,747</u>	<u>37,333</u>	<u>40,331</u>

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 9. Trade and other receivables

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Trade receivables	51,853	37,407	42,331
Less: Provision for impairment of trade receivables	(6,495)	(6,495)	(7,587)
	<u>45,358</u>	<u>30,912</u>	<u>34,744</u>
Advances, deposits and prepayments	7,082	7,929	4,443
	<u>52,440</u>	<u>38,841</u>	<u>39,187</u>

## 10. Cash in hand and at bank

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Cash in hand	307	501	640
Bank balance			
- in current accounts	5,039	687	2,881
- fixed deposits (with an original maturity of 3 months or less)	3,187	-	-
	<u>8,533</u>	<u>1,188</u>	<u>3,521</u>

## 11. Assets held for sale

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Buildings, plant and equipment, and furniture, fixtures and office equipment (refer to note (i) below)	12,413	13,449	13,449
Transportation and distribution equipment (refer to note (ii) below)	-	-	1,720
	<u>12,413</u>	<u>13,449</u>	<u>15,169</u>

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 11. Assets held for sale (continued)

- i.) In the previous year, the Directors approved the closure of the Group's Sohar factory in Oman and also decided to dispose off the factory assets ("disposal group"). Consequently, assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets. During the current period, the management have decided to use assets amounting to AED 1.04 million and this has been reclassified to property, plant and equipment. The efforts to sell the remaining assets are ongoing and the sale is expected to complete in the near future. Also refer note 6.

### *Measurement of fair value*

The valuation of buildings was carried out as at 31 December 2015 by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors based on sales comparison approach. In case of plant and equipment, and furniture, fixtures and office equipment, management has carried out an internal valuation based on existing conditions and discussions with potential buyers on sales comparison basis. Management is of the view that there is no significant change in the fair value of these assets in the current period. The non-recurring fair value measurement for the disposal group has been categorized as a Level 3 fair value as inputs used for determining fair values are not based on observable market data.

- ii) During 2014, the Directors resolved to dispose of transportation equipment amounting to AED 1.72 million of the Sohar operations in Oman. Consequent to the decision, these were classified as 'Assets held for sale'. These assets were disposed off during 2015.

## 12. Retained earnings/(accumulated losses)

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved to transfer general reserve and fixed assets replacement reserve amounting to AED 83.3 million and AED 15 million, respectively, to retained earnings/(accumulated losses). Furthermore, the shareholders also approved the transfer of legal reserve amounting to AED 14 million to retained earnings/ (accumulated losses). Accordingly, the Group transferred these reserves to retained earnings/(accumulated losses) during the period ended 30 September 2015.

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 13. Borrowings

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
<b>Long term borrowing:</b>			
Term loan (refer (i) note below)	9,491	15,000	15,000
Less: short term portion of term loan	(7,616)	(15,000)	(15,000)
	<u>1,875</u>	<u>-</u>	<u>-</u>
Long term portion of term loan	<u>1,875</u>	<u>-</u>	<u>-</u>
<b>Short term borrowing:</b>			
Trust receipts	49,779	28,826	33,872
Bank overdrafts	4,681	4,855	2,518
Current portion of term loan	7,616	15,000	15,000
	<u>62,076</u>	<u>48,681</u>	<u>51,390</u>

- i) In the previous year, the Group negotiated with a bank to convert an amount of AED 15 million of their outstanding overdraft balances to a long term loan facility which carries interest at normal commercial terms. Term loan is repayable in 24 equal monthly installments commencing from 15 January 2016. Due to non-compliance with a banking covenant, the loan was classified as short term at 31 December 2015 and 30 September 2015.
- ii) Bank borrowings are mainly secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- iii) Bank borrowings are subject to certain financial covenants including minimum tangible worth of AED 27 million, current ratio of 1:1 and leverage ratio not to exceed 3:1.

## 14. Trade and other payables

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Trade payables	24,121	20,885	24,939
Accruals and others payables	9,962	14,450	17,843
Advance received from customers	487	198	396
	<u>34,570</u>	<u>35,533</u>	<u>43,178</u>

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 15. Provision for taxation

The provision for taxation is in respect of Oman operations. The Subsidiary is liable to income tax in accordance with the income tax laws of the Sultanate of Oman depending on the level of its taxable profit. In the opinion of the management the provision for taxation of AED 0.67 million as at reporting date is adequate to meet the Group's tax liabilities.

## 16. Related party transactions

Related parties comprise directors, key management personnel and other related parties.

Significant related party transactions during the period were as follows:

	Nine month period ended 30 September		Three month period ended 30 September	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Purchases from related parties*	3,260	205	1,847	6
Commission income *	73	-	-	-
	<u>3,333</u>	<u>205</u>	<u>1,847</u>	<u>6</u>
<b>Compensation to key management personnel is as follows:</b>				
Staff salaries and benefits (including end-of-service benefits)	1,326	1,350	442	450
	<u>1,326</u>	<u>1,350</u>	<u>442</u>	<u>450</u>

\* During the current period the Group has entered into distributorship agreement with Emirates Refreshment Company PJSC with a one-year term, renewable upon consent of both parties. In order to manage conflict of interests for the finalization of this transaction, a board member who has a conflict, was not involved in the pre-approval process in relation to this transaction.

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
<b>Due to related parties</b>			
- United Cans Company LLC	271	65	60
- Emirates Refreshment Company PJSC	1,503	-	-
	<u>1,774</u>	<u>65</u>	<u>60</u>
<b>Other payables</b>			
- Key management personnel	255	349	142
	<u>255</u>	<u>349</u>	<u>142</u>



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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 17. Contingent liabilities

	30 September 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 September 2015 AED 000 (Unaudited)
Letter of credit	4,080	4,080	4,080
Unutilized balances of commercial letters of credit	<u>15,995</u>	<u>11,483</u>	<u>9,043</u>

### Legal cases

As at 30 September 2016, the Group have few legal cases outstanding. All these cases are now pending before the Court for its hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no further provision is required as at 30 September 2016 (31 December 2015: Nil).

### Commitments

There is no capital commitment outstanding as at 30 September 2016 (31 December 2015: Nil).

## 18. Subsidiary

The Company holds 100% of the shares (2% held by Directors for beneficial interest of the Company) of the Subsidiary, registered as a limited liability Company in the Sultanate of Oman under the Oman Commercial Register Law No. 3/74. Principal activity of the Subsidiary is trading in dairy, juice, ice cream and other food products.

## 19. Basic earnings per share

	Nine months period ended 30 September		Three months period ended 30 September	
	2016	2015	2016	2015
Net profit attributable to owners of the Company (AED'000)	12,000	10,429	3,709	4,241
Weighted average number of shares outstanding ('000)	30,250	30,250	30,250	30,250
Basic earnings per share in AED	<u>0.40</u>	<u>0.34</u>	<u>0.12</u>	<u>0.14</u>

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the split of nominal value of share from AED 100 per share to AED 1 per share. Share split has become effective from 1 April 2015. Accordingly, weighted average number of shares outstanding has been retrospectively adjusted to include share split approved, for the purpose of calculation of earnings per share for the three month and nine month period ended 30 September 2015.

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 20. 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 condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of profit or loss and other comprehensive income and notes to the condensed consolidated interim 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 do not consider an analysis by individual country would be meaningful.

Additional information required by IFRS 8, "Operating Segments", is disclosed below:

### *Major customers*

During the nine-months period ended 30 September 2016, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (*nine month period ended 30 September 2015: Nil*)

## 21. Financial instruments

### Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

Financial assets consist of cash and cash equivalents, trade and other receivables and available-for-sale investments. Financial liabilities consist of short term borrowings, long term borrowings and trade and other payables.

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

### Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

Notes to the condensed consolidated interim financial statements  
for the nine month period ended 30 September 2016 (unaudited)

## 21. Financial instruments (continued)

### Valuation of financial instruments (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

<i>30 September 2016</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>342</u>	<u>-</u>	<u>5,577</u>	<u>5,919</u>
<i>31 December 2015</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>323</u>	<u>-</u>	<u>5,577</u>	<u>5,900</u>

During the period ended 30 September 2016 and year ended 31 December 2015, there were no transfers between the various levels of fair value measurements.

## 22. Seasonality

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

## 23. Comparatives

Certain reclassifications were made to prior periods' amounts in these condensed consolidated interim financial statements to conform with the current period presentation.

