

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

Condensed consolidated interim financial
statements

30 June 2017

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30 June 2017

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

To the Shareholders of Unikai Foods (P.J.S.C.)

Introduction

We have reviewed the accompanying 30 June 2017 condensed consolidated interim financial statements of Unikai Foods (P.J.S.C.) ("the Company"), which comprises:

- the condensed consolidated statement of profit or loss for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of other comprehensive income for the three month and six month periods ended 30 June 2017;
- the condensed consolidated statement of financial position as at 30 June 2017;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2017;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2017; and
- notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.



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 condensed consolidated interim financial statements as at 30 June 2017 are 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
Date: **03 AUG 2017**

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

Condensed consolidated statement of profit or loss
for the three month and six month periods ended 30 June 2017 (unaudited)

		Three month period ended 30 June		Six month period ended 30 June	
	Note	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Revenue		107,059	92,144	176,674	162,039
Cost of sales	3	(64,371)	(56,093)	(110,684)	(98,527)
Gross profit		42,688	36,051	65,990	63,512
Administrative and distribution expenses	4	(31,828)	(28,504)	(63,923)	(54,759)
Operating profit for the period		10,860	7,547	2,067	8,753
Finance costs		(1,392)	(953)	(2,839)	(1,828)
Impairment of assets held for sale	11	(2,510)	-	(2,510)	-
Other income	5	941	616	1,673	1,479
Profit/(loss) for the period before tax		7,899	7,210	(1,609)	8,404
Tax expense		-	(57)	-	(113)
Profit/(loss) for the period		7,899	7,153	(1,609)	8,291
Profit/(loss) attributable to:					
Owners of the Company		7,899	7,153	(1,609)	8,291
Earnings per share					
Basic earnings per share (AED)	19	0.24	0.22	(0.05)	0.26

The notes set out on pages 8 to 17 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of other comprehensive income for the three month and six month periods ended 30 June 2017 (unaudited)

	Three month period ended 30 June		Six month period ended 30 June	
	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Profit/(loss) for the period	7,899	7,153	(1,609)	8,291
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net change in fair value of available-for-sale investments	(35)	(27)	(33)	4
Total other comprehensive (expense)/income for the period	(35)	(27)	(33)	4
Total comprehensive income/(expense) for the period	7,864	7,126	(1,642)	8,295
Total comprehensive income/(expense) attributable to:				
Owners of the Company	<u>7,864</u>	<u>7,126</u>	<u>(1,642)</u>	<u>8,295</u>

The notes set out on pages 8 to 17 form part of these condensed consolidated interim financial statements.


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

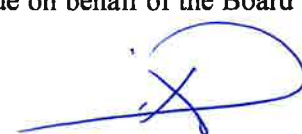
Condensed consolidated statement of financial position as at 30 June 2017

	Note	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Non-current assets				
Property, plant and equipment	6	34,321	26,660	22,825
Capital advances		-	4,267	-
Intangible assets		-	-	183
Available-for-sale investments	7	5,870	5,903	5,904
		<u>40,191</u>	<u>36,830</u>	<u>28,912</u>
Current assets				
Inventories	8	55,962	45,397	48,057
Trade and other receivables	9	68,666	43,600	55,247
Due from related parties	16	175	315	-
Cash in hand and at bank	10	7,261	9,476	4,587
Assets held for sale	11	9,478	12,069	13,080
		<u>141,542</u>	<u>110,857</u>	<u>120,971</u>
Total assets		<u><u>181,733</u></u>	<u><u>147,687</u></u>	<u><u>149,883</u></u>
Equity				
Share capital		32,368	30,250	30,250
Legal reserve		1,484	1,484	900
Restricted reserve		792	792	792
General reserve	12	-	-	900
Accumulated losses/ (retained earnings)	12	(1,424)	6,279	4,154
Fair value reserve		24	57	58
		<u>33,244</u>	<u>38,862</u>	<u>37,054</u>
Non-current liabilities				
Employee end-of-service benefits		6,771	6,324	6,643
Long term borrowing	13	11,654	9,726	3,750
		<u>18,425</u>	<u>16,050</u>	<u>10,393</u>
Current liabilities				
Short term borrowings	13	86,483	59,320	53,010
Trade and other payables	14	42,991	30,891	47,616
Due to related parties	16	231	1,965	1,201
Provision for tax	15	359	599	609
		<u>130,064</u>	<u>92,775</u>	<u>102,436</u>
Total liabilities		<u><u>148,489</u></u>	<u><u>108,825</u></u>	<u><u>112,829</u></u>
Total equity and liabilities		<u><u>181,733</u></u>	<u><u>147,687</u></u>	<u><u>149,883</u></u>

The notes set out on pages 8 to 17 form 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 **03 AUG 2017**


Director


Director

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

Condensed consolidated statement of cash flows for the six month period ended 30 June 2017 (unaudited)

	30 June 2017 AED '000	30 June 2016 AED '000
Cash flows from operating activities		
(Loss)/profit for the period before tax	(1,609)	8,404
<i>Adjustments for:</i>		
Depreciation	2,461	2,719
Amortisation of intangible assets	-	278
Interest cost	2,839	382
Provision for bad and doubtful debts	400	-
Impairment loss on assets held for sale	2,510	-
Gain on disposal of property, plant and equipment (net)	(4)	(470)
Provision for employee end-of-service benefits	758	755
	<u>7,355</u>	<u>12,068</u>
<i>Changes in:</i>		
- inventories	(10,565)	(10,724)
- trade and other receivables	(25,466)	(16,406)
- trade and other payables	11,611	12,083
- due to related parties	(1,734)	1,136
- due from related parties	140	-
Employee end-of-service benefits paid	(311)	(270)
Taxes paid	(240)	(366)
Directors' fee paid	(951)	-
	<u>(20,161)</u>	<u>(2,479)</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	339	483
Acquisition of property, plant and equipment	(6,109)	(2,302)
	<u>(5,770)</u>	<u>(1,819)</u>
Cash flows from financing activities		
Net movement in bank borrowings	27,870	10,915
Interest paid	(2,350)	(382)
Dividend paid	(3,025)	-
	<u>22,495</u>	<u>10,533</u>
Net (decrease)/increase in cash and cash equivalents	(3,436)	6,235
Cash and cash equivalents at the beginning of the period	5,357	(3,667)
Cash and cash equivalents at end of period	1,921	2,568
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	7,261	4,587
Bank overdrafts (note 13)	(5,340)	(2,019)
	<u>1,921</u>	<u>2,568</u>

The notes set out on pages 8 to 17 form 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 six month period ended 30 June 2017

	Share Capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	(Accumulated losses)/ retained earnings AED'000	Fair value reserve AED'000	Total AED'000
Balance at 1 January 2016 (audited)	30,250	900	792	900	(4,137)	54	28,759
Total comprehensive income for the period (unaudited)	-	-	-	-	8,291	-	8,291
Profit for the period	-	-	-	-	-	4	4
Net change in fair value of available-for-sale investments	-	-	-	-	8,291	4	8,295
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance at 30 June 2016 (unaudited)	30,250	900	792	900	4,154	58	37,054
Balance at 1 January 2017 (audited)	30,250	1,484	792	-	6,279	57	38,862
Total comprehensive income for the period (unaudited)	-	-	-	-	(1,609)	-	(1,609)
Loss for the period	-	-	-	-	-	(33)	(33)
Net change in fair value of available-for-sale investments	-	-	-	-	(1,609)	(33)	(1,642)
Total comprehensive loss for the period	-	-	-	-	-	-	-
Distribution to owners	-	-	-	-	(3,025)	-	(3,025)
Dividends paid (note 12)	-	-	-	-	(2,118)	-	-
Bonus shares issued (note 12)	2,118	-	-	-	-	-	-
Total distribution to owners	2,118	-	-	-	(5,143)	-	(3,025)
Other equity movements	-	-	-	-	(951)	-	(951)
Director's fee paid (note 12)	-	-	-	-	(951)	-	(951)
Total other equity movements	-	-	-	-	(951)	-	(951)
Balance at 30 June 2017 (unaudited)	32,368	1,484	792	-	(1,424)	24	33,244

The notes set out on pages 8 to 17 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 six month period ended 30 June 2017 (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.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements have 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 2016.

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. The condensed consolidated interim financial statements have been prepared under historical cost, except for financial instruments classified as available-for-sale that are 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 and estimates 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 2016, except for the change in useful lives of certain categories of property, plant and equipment as explained under note 6.

Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

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

Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (unaudited)

2. Basis of preparation (continued)

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. These are disclosed in detail under notes 3 and 4 in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

3. Cost of sales

	Three month period ended		Six month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	AED '000	AED '000	AED '000	AED '000
Manufacturing:				
Raw material, packing materials and stores & spares consumed	48,941	38,154	78,756	61,662
Utilities	2,870	2,664	5,127	4,663
Staff salaries and benefits	2,783	3,622	5,095	5,558
Depreciation	610	655	1,325	1,246
Other direct costs	1,475	1,532	2,815	2,611
	<u>56,679</u>	<u>46,627</u>	<u>93,118</u>	<u>75,740</u>
Changes in inventories of semi-finished and finished goods	(1,564)	589	(2,035)	2,586
	<u>(1,564)</u>	<u>589</u>	<u>(2,035)</u>	<u>2,586</u>
(A)	<u>55,115</u>	<u>47,216</u>	<u>91,083</u>	<u>78,326</u>
Trading:				
Inventories, beginning of the period	6,933	7,406	7,559	6,618
Purchases (including direct expenses)	11,816	8,443	21,535	20,555
Inventories, end of the period	(9,493)	(6,972)	(9,493)	(6,972)
	<u>9,256</u>	<u>8,877</u>	<u>19,601</u>	<u>20,201</u>
(B)	<u>9,256</u>	<u>8,877</u>	<u>19,601</u>	<u>20,201</u>
(A) + (B)	<u>64,371</u>	<u>56,093</u>	<u>110,684</u>	<u>98,527</u>

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

Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (unaudited)

4. Administrative and distribution expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2017 AED '000	2016 AED '000	2017 AED '000	2016 AED '000
Staff salaries and benefits	12,103	8,987	24,174	20,346
Advertisement and other selling expenses	5,561	7,695	12,155	12,302
Commercial vehicle expenses	6,245	5,111	11,611	9,002
Depreciation	320	742	1,136	1,473
Amortisation of intangible assets	-	139	-	278
Other expenses	7,599	5,830	14,847	11,358
	<u>31,828</u>	<u>28,504</u>	<u>63,923</u>	<u>54,759</u>

5. Other income

Other income for the six month period ended 30 June 2017 mainly includes rental income amounting to AED 1.5 million (six month period ended 30 June 2016: AED 0.8 million).

6. Property, plant and equipment

Additions and disposals (unaudited)

During the six month period ended 30 June 2017, the Group acquired assets amounting to AED 6.11 million and disposed off assets with a net book value of AED 0.34 million (six month period ended 30 June 2016: AED 2.3 million and AED 0.47 million, respectively).

Change in useful lives of assets

During the current period, the Group reassessed the estimated useful lives of property, plant and equipment and have resolved to revise the useful lives of the following assets:

Asset category	Useful lives	
	From April 2017	Until March 2017
Building	30	20
Plant and Machineries	10-20	5-10
Freezers (included under Transportation and Distribution equipment)	7	4

This change in the estimated useful life of the assets has resulted in a decrease in the depreciation charge for the six month period ended 30 June 2017 by AED 0.73 million. This change has been accounted for as a change in accounting estimate and applied prospectively in accordance with International Accounting Standard – 8.

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

Notes to the condensed consolidated interim financial statements for the six month period ended 30 June 2017 (unaudited)

7. Available-for-sale investments

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Opening balance	5,903	5,900	5,900
Change in fair value	(33)	3	4
Closing balance	<u>5,870</u>	<u>5,903</u>	<u>5,904</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Emirates Rawabi Company (31 December 2016: AED 5.6 million). Since the investment does 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 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Raw materials and packing materials	31,362	24,085	33,174
Semi-finished goods	1,348	992	1,760
Finished goods	7,703	10,094	8,631
Trading goods	9,493	7,559	6,972
Consumables stores and spare parts	6,533	6,471	6,264
	<u>56,439</u>	49,201	56,801
Less: Provision for slow-moving inventories	(3,060)	(3,863)	(9,557)
	<u>53,379</u>	45,338	47,244
Goods-in-transit	2,583	59	813
	<u>55,962</u>	<u>45,397</u>	<u>48,057</u>

9. Trade and other receivables

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Trade receivables	68,176	43,577	51,615
Less: Provision for impairment of trade receivables	(7,195)	(6,795)	(6,495)
	<u>60,981</u>	36,782	45,120
Advances, deposits and prepayments	7,685	6,818	10,127
	<u>68,666</u>	<u>43,600</u>	<u>55,247</u>

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

Notes to the condensed consolidated interim financial statements
for the six month period ended 30 June 2017 (unaudited)

10. Cash in hand and at bank

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Cash in hand	4,068	300	293
Bank balance			
- in current accounts	1,637	3,989	2,107
- fixed deposits (with an original maturity of 3 months or less)	1,556	5,187	2,187
	<u>7,261</u>	<u>9,476</u>	<u>4,587</u>

11. Assets held for sale

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Buildings, plant and equipment, and furniture, fixtures and office equipment (refer to note below)	9,478	12,069	13,080
	<u>9,478</u>	<u>12,069</u>	<u>13,080</u>

During 2015, 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 2016, the Directors decided to use assets amounting to AED 1.38 million. Accordingly, these assets were reclassified as assets available for use as at 31 December 2016. These assets were measured at the lower of its recoverable amount and the carrying amount that would have been recognized had the asset never been reclassified as held-for-sale.

The Directors have reassessed the fair value of assets held for sale based on agreement signed with a third party buyer and consequently an impairment loss of AED 2.5 million have been recorded in the consolidated statement of profit or loss account.

The efforts to sell the remaining assets are ongoing and the sale is expected to be completed in the near future.

Measurement of fair value

The valuation of buildings and plant and equipment was carried out as at 31 December 2016 by independent registered valuers in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors based on sales comparison approach and depreciation replacement cost approach, respectively. Significant unobservable inputs considered for valuation purposes include quoted prices for similar assets and adjustment for physical deterioration as well as functional economic obsolescence.

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

Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2017 (unaudited)

12. (Accumulated losses)/retained earnings

At the Annual General Meeting held on 23 March 2017, the shareholders approved a 10% cash dividend totaling to an amount of AED 3.03 million and the issuance of 7% bonus shares totaling to 2,117,500 shares having par value of AED 1.

At the Annual General Meeting held on 23 March 2017, the shareholders also approved the directors' fee amounting to AED 0.9 million for the year ended 31 December 2016.

In the previous year, the shareholders approved to transfer general reserve amounting to AED 0.9 million to accumulated losses.

13. Borrowings

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Long term borrowings:			
Term loan (refer (i) note below)	29,588	22,062	11,477
Less: short term portion of term loan	(17,934)	(12,336)	(7,727)
Long term portion of term loan	11,654	9,726	3,750
Short term borrowings:			
Trust receipts	63,209	42,865	43,264
Bank overdrafts	5,340	4,119	2,019
Current portion of term loan	17,934	12,336	7,727
	86,483	59,320	53,010

- i) Bank borrowings are mainly secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- ii) Bank borrowings are also subject to certain financial covenants including minimum tangible worth of AED 35 million, current ratio of 1.2:1, leverage ratio not to exceed 3:1 and Debt to EBITDA not to exceed 4.25. Testing for compliance with the above financial covenants is done annually on 31 December. As at 31 December 2016, the Group had not complied with the financial covenants as specified in the facility letters with the banks. However, based on the relationship with the creditor banks, the Group's Directors have confirmed that the non-compliance is not likely to affect the continuation of the Group's bank facilities and hence will not have a significant impact on the operations.

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

Notes to the condensed consolidated interim financial information
for the six month period ended 30 June 2017 (unaudited)

14. Trade and other payables

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Trade payables	36,928	24,107	30,147
Accruals and others payables	5,827	6,180	17,079
Advance received from customers	236	346	390
Dividend payable	-	258	-
	<u>42,991</u>	<u>30,891</u>	<u>47,616</u>

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 0.36 million (31 December 2016: 0.6 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:

	Three month period ended 30 June		Six month period ended 30 June	
	2017	2016	2017	2016
	AED '000	AED '000	AED '000	AED '000
Purchases from related parties*	923	1,253	2,190	1,413
Commission income *	-	73	-	73
	<u>923</u>	<u>1,326</u>	<u>2,190</u>	<u>1,486</u>
Compensation to key management personnel is as follows:				
Short term benefits	433	534	1,241	846
Provision towards staff terminal benefits	9	18	18	38
	<u>442</u>	<u>552</u>	<u>1,259</u>	<u>884</u>

* In the previous period, the Group entered into distributorship agreement with Emirates Refreshment Company PJSC for 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 had a conflict, was not involved in the pre-approval process in relation to this transaction. The Group has decided not to renew the agreement upon expiry of this agreement.

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

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16. Related party transactions (continued)

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Due from related parties			
- Abjar Group	175	143	-
- United Foods PJSC	-	172	-
	<u>175</u>	<u>315</u>	<u>-</u>
Due to related parties			
- United Cans Company LLC	231	203	321
- Emirates Refreshment Company PJSC	-	1,762	880
	<u>231</u>	<u>1,965</u>	<u>1,201</u>
Other payables			
- Key management personnel	144	330	210
	<u>144</u>	<u>330</u>	<u>210</u>

17. Contingent liabilities

	30 June 2017 AED '000 (Unaudited)	31 December 2016 AED '000 (Audited)	30 June 2016 AED '000 (Unaudited)
Letter of guarantee	4,058	4,058	4,080
Letters of credit	11,356	16,438	14,606
	<u>15,414</u>	<u>20,496</u>	<u>18,686</u>

Legal cases

As at 30 June 2017, the Group have few outstanding legal cases. 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 additional provision is required as at 30 June 2017 (31 December 2016: Nil).

Commitments

The capital commitment outstanding as at 30 June 2017 amounting to AED 4.6 million (31 December 2016: AED 5.7 million).

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.

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19. Basic earnings per share

	Three month period ended		Six month period ended	
	30 June		30 June	
	2017	2016	2017	2016
Net (loss)/profit attributable to owners of the Company (AED'000)	7,899	7,153	(1,609)	8,291
Weighted average number of shares outstanding ('000)*	32,368	32,368	32,368	32,368
Basic earnings per share in AED	0.24	0.22	(0.05)	0.26

* Weighted average number of shares outstanding for the three month and six month periods ended 30 June 2016 have been retrospectively adjusted to include the 7% bonus shares approved in the shareholders' Annual General Meeting (AGM) held on 23 March 2017.

20. Segmental reporting

The Group operates in the single reporting segment of diary, 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 statement of profit or loss, condensed consolidated statement of 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, "Segment reporting", is disclosed below:

Major customers

During the six-month period ended 30 June 2017, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (six-month period ended 30 June 2016: 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 2016.

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

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

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21. Financial instruments (continued)

Financial risk management (continued)

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.

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 June 2017</i>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Available-for-sale investments	<u>293</u>	<u>-</u>	<u>5,577</u>	<u>5,870</u>
<i>31 December 2016</i>	Level 1 AED '000	Level 2 AED '000	Level 3 AED '000	Total AED '000
Available-for-sale investments	<u>326</u>	<u>-</u>	<u>5,577</u>	<u>5,903</u>

During the period ended 30 June 2017 and year ended 31 December 2016, 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.