

Unikai Foods P.J.S.C

Corporate Governance Report
For the Year ended 31st Dec, 2015



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

Unikai Foods (P.J.S.C) is a public shareholding company incorporated on 11th April, 1977 by a Decree from his Highness the ruler of Dubai. Unikai is committed in its performance to the high standards of governance focusing on transparency, fair business deals and compliance with laws & regulations issued by Securities & Commodities Authority in which:

1) Application of the principles stated in the ministerial resolution no. (518) of 2009 by the company:

- Unikai conducted the following procedures in implementation of the Ministerial resolution no. (518) of 2009 in respect of governance control :
 - Amend the company's Article of Association to comply with the governance rules.
 - Appointing of independent Board members.
 - Appointing audit committee by the board.
 - Appointing Remuneration & Nomination committee.
 - Appointing internal control department & compliance officer.
- Unikai has become compliant with the standards & procedures as set out by the resolution no. (518) 2009.

The company will continue to comply with Securities & Commodities requirements particularly the new requirements which have been approved by the new commercial companies law no. 2 of 2015.

2) Statement of dealing carried out by directors and their first degree relatives in Company's securities during 2015:-

No dealings were carried out by any director including their first degree relatives in Company's securities during the year 2015.

The directors of Unikai are committed to disclose the dealings in the shares of the company on annual basis.

3) Formation of the Board of Directors:

The board of directors consists of 7 members who have significant experience in different fields and areas which will help the board in taking the right decisions at the right time for the best interest of the company's business & activities.

A. Directors details:

Sl.	Name	position	Category	Qualifications/ membership in any company or government position	Member since
	Mr. Mana Mohamed Saced Al Mulla	Board Chairman	Non-executive/ insider	BA in Business Administration from Suffolk University USA, a recognized figure in business market across ME, currently is the CEO of KIZAD, and director in other companies, Abjar Hotels LLC, Aramex PJS, Oman Refreshments Co (Oman)	05/06/2014
	Mr. Saif Al Shafar	Board Vice Chairman	Non-executive/ independent	Businessman, vice board chairman of Al Shafar Investment Group, a leading figure in business in UAE, with many branches including Al Shafar Investment/Real Estate/Civil Engineering/Contracting/ Tile, Mosaic & Marble factory, Al Shafar Transport, in addition to pharmacies across major business centers in Dubai, Dubai Young Entrepreneurs Board Director	05/06/2014



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

				(Dubai Chamber of Commerce & Industry), and member of Dubai World Icon.	
	Mr. Talal Ahmed Al Hashemi	Director	Non-Executive/Independent	BA in Business Administration – Accounting from American University in Dubai, Masters of Legal Accounting from Wollongong University, Australia, currently Director of Dubai Government Financial Control Department, and board member of Emirates Refreshment Co PJSC.	05/06/2014
	Mr. Abdullah Essa Al Zaabi	Director	Non-Executive/Independent	BA American University, currently Business Development Manager at Al Futtaim Enterprises.	05/06/2014
	Mr. Majed Abdul Karim Julfar	Director	Non-Executive/Independent	BA Computer Engineering, South Kent University-UK, currently Head of Corporate and Investment Banking coverage - Deutsche Bank.	05/06/2014
	Abdullah Rahma Al Owais	Director	Non-Executive/Independent	LLB (Lawyer), Al Safa Investment Board Chairman, member of Al Matrooshi Advocates & Legal Consultants, board member of Modern Bakery, board member of United Foods Co PJSC.	05/06/2014
	Mr. Adel Saleh Mohamed Al Ali	Director	Non-Executive/Independent	Master's of business administration American University- Dubai, currently 1 st lieutenant at Dubai Police Communication Division.	05/06/2014

B. Directors Responsibilities

Board of directors role is to represent the shareholders and act in their interests and are ultimately responsible to them. It is incumbent on the Board to add value and enhance the Company's position thorough utilizing the effective governance practices and their skills in all of the Company's work. The Board publishes the governance report annually so as to appraise the Shareholders of the Company's work in each financial year. Such report is produced so as to advise of the statement of practices and processes followed by the Board for achieving its tasks and activities; inform of what matters the Board keeps for consideration and the frequency of such meetings,

Furthermore, the Board is tasked with and assumes the following roles and responsibilities:

- Designing and revising the corporate strategic orientation and approving the annual operation budget and work plans.
- Taking decisions in relation to capital structure as well as the corporate benefit distribution policy.
- Revising, accrediting and monitoring main corporate strategic and investment connections.
- Auditing and approving annual and seasonal financial data.
- Complying with applicable laws and regulations as well as all effective accounting criteria.
- Developing an appropriate risk management framework for defining, assessing and reducing risks.
- Developing appropriate policies and authorities for effective corporate governance.



UNIKAI FOODS P.J.S.C. (شركة مساهمة عامة) يونيكاي للأغذية

C. Female participation in Company Board activities for the year 2015:-

The current Board of directors does not have any women representation as no female application was received during the last elections.

Discrimination between male and female is strictly prohibited as per Unikai's policies and procedures and therefore; there are no constraints which prevent women from candidacy and receiving any administrative or professional or leading positions or membership of the board.

The Company adopted the right procedure in publishing an invitation to participate in Board elections in the newspapers which was open for all without discrimination, but No female application was received during the last elections.

D. Statement of Directors Remunerations

- 1) No remuneration was paid to directors for the year 2014.
- 2) No remuneration proposed to be paid to directors for 2015.
- 3) Allowance paid to the directors for the attendance of meetings of board/committees, during financial year 2015:

Sl.	Name	Board meetings attendance allowance	Committee meeting attendance allowance
1.	Mana Mohamed Saeed Al Mulla	35,000	-
2.	Saif Ali Al Shafar	30,000	21,000
3.	Talal Ahmed Al Hashemi	30,000	18,000
4.	Majed Abdul Karim Mohamed Julfar	25,000	15,000
5.	Abdullah Essa Al Zaabi	35,000	9,000
6.	Abdullah Rahma Abdullah Al Owais	30,000	15,000
7.	Adel Saleh Mohamed Al Ali	20,000	6,000

E. Unikai Foods Board held seven (7) meetings during 2015, as per the following details:-

Board Meetings	Attendees						
	Mana Al Mulla	Saif Al Shafar	Talal Al Hashemi	Majed Julfar	Abdullah Al Owais	Abdullah Al Zaabi	Adel Al Ali
1 st 02/03/15	√	√	√	√	√	√	√
2 nd 03/05/15	√	√	√	√	√	√	X
3 rd 13/06/15	√	√ by proxy	X	X	√	√	X



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

4 th 01/08/15	√	X	√	X	√	√	√
5 th 12/09/15	√	√	√	√	√	√	√
6 th 14/11/15	√	√	√	√	√	√	√
7 th 12/12/15	√	√	√	√	X	√	√ by proxy

F. Tasks & responsibilities of the executive management:

- The CEO of the company executes all works and objectives set by the board of directors along with making sure that all work units are effectively managed in terms of main sources and profitability.
- The CEO is mainly concerned with achieving visions, tasks, strategic plans, annual plans and extending considerable contributions in the general objective; with a view to improving visions of the Company in all activities.
- The CEO is also responsible for all corporate processes, profitability, sustained growth, developing the operation plans and work plan as well as directing the Company towards executing its objectives.
- According to articles of association of Unikai Foods (PJSC), CEO is authorized to sign all documents, execute all contracts in support of Company interest and carry out all actions according to authorization provided thereby by the Board.

G. Relationship with Related Parties

Company deals with related parties, in sale and purchase transaction, in reasonable and competitive prices, that could be obtained from any other dealer. Terms of any such dealings match ordinary common commercial transactions, during which each party works independently in support of its own interest, without any force or pressure from other party. Related parties are parties under common control, or managed by any director.

Following are details of major transactions with related parties during 2015:-

Sl.	Transactions with related parties	Transaction value
1.	United Cans Company	AED181,863.00

H. Organization Chart

The company is managed by the CEO in accordance with the company's policies & procedures, where all head of departments are reported directly to him. (A copy of the company's chart attached).



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

I. Statement of Company Senior Management -:

All amounts are in AED

Sl.	Name	Job	Total paid benefits 2015	Total annual benefits
1.	Neeraj Vohra	CEO	512,500	125,000
2.	Rizwan Lakhani	Supply Chain & Operations Head	496,000	45,000
3.	Jihad Barake	Financial Controller	353,000	30,000
4.	Ali Mohamed Ali	Head of Legal	288,000	24,000
5.	Kaushal Chhabra	Head of Sales	360,000	30,000
6.	Fatma Ibrahim	Head of HR	288,000	24,000
7.	Jason Braganza	Marketing Manager	125,000	10,417
8.	Andrew Neill	Administration Manager	69,000	5,750
9.	Yaser Alahmar	Export/Trading Manager	24,000	2,000

4) Summary of External Auditor

In 2015, the general assembly of Unikai appointed KPMG Company as an external auditor based upon a recommendation extended by the Board; for the purpose of conducting the financial auditing, in accordance with international standards of auditing, those standards require compliance with ethical requirements and plan, perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The general assembly estimated KPMG Company's fees at AED200,000 .

KPMG is deemed one of the pioneering auditing companies all over the world. This company was established in the United Arab Emirates in 1973. Further, the company hires seven hundred employees and possesses branches in Abu Dhabi, Dubai, Sharjah, Fujairah and Ras Al Khaimah as well as 145 branches around the world.

Details of external account auditor are highlighted below:

Sl.	Auditor	No of years as auditor	Total remuneration 2015
1-	KPMG	One year	AED200,000

During 2015 Unikai didn't assign any other audit firm to perform the external audit other than the above mentioned company which has been assigned by the ordinary general assembly.

5) Audit Committee

• Audit Committee duties & responsibilities as assigned by the Board

1. Develop and apply necessary policy to engage external auditor, present necessary reports to the Board highlighting certain steps to be followed, with Committee recommendations regarding steps to be taken.
2. Follow up and control external auditors duties, discuss any issues related to duties assigned thereby, scope of audit process, its effectiveness according to approved audit standards.



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

3. Monitor the contents of Company financial statements and reports (annual, quarterly), review reports, particularly:
 - Any changes in account policies or practices.
 - Highlight points board is required to consider.
 - Any major amendments due to audit process
 - Assumption of company's business continuation on going concern basis.
 - Compliance with account standards proposed by SCA.
 - Follow up listing & disclosure rules and other legal requirements regarding financial statements preparation.
4. Coordinate with directors, senior management, regarding Company's duties, provided that Committee shall meet Company's auditors once annually at least.
5. Discuss any extraordinary and important points to be highlighted by reports & statements, to be presented to senior management.
6. Review financial control, internal control and risk management systems.
7. Discuss internal control with management, ensure fulfillment of necessary obligations regarding the establishment of an effective internal control system.
8. Discuss independent auditor mission, business plan; respond to any major inquiries presented by auditor particularly regarding account records, financial accounts, or control systems.
9. Assure board timely response to any inquiries or questions regarding any major issues offered by independent auditor.
10. Provide support & assistance to the board in order for the board to fulfill its responsibilities.
11. Review the compliance with the disclosure requirements of the Dubai Financial Market and SCA .

Audit Committee Formation

Audit Committee is formed as follows:

Sl.	Name	Capacity
	Mr. Talal Ahmed Hashemi	Audit Committee Chairman
	Mr. Saif Ali Al Shafar	Member
	Mr. Abdullah Rahma Abdullah Al Owais	Member
	Mr. Majed Abdul Karim Julfar	Member

• Audit Committee Meetings during 2015 :

Audit Committee held 6 meetings during 2015 as follows:

Name	13/01/2015	01/03/2015	03/05/2015	04/06/2015	26/07/2015	01/11/2015
Mr. Talal Ahmed Hashemi	√	√	√	√	√	√
Mr. Saif Ali Al Shafar	X	√	√	√	X	√
Mr. Abdullah Rahma Abdullah Al Owais	X	√	√	√	√	√
Mr. Majed Abdul Karim Julfar	√	√	√	√	√	X



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

6) Nomination & Remuneration Committee

- **Nomination & Remuneration Committee duties and responsibilities assigned by the Board:**

The tasks of the nomination and remuneration committee are as follows:

- 1- regularly make sure that members are independent;
- 2- prepare policy of reward, benefits, incentives and salaries of the Board members and personnel and thereafter annually review and if necessary revise it;
- 3- to make sure that rewards and benefits granted to the higher corporate executive management are reasonable and in conformity with the performance of the Company;
- 4- To define the corporate needs of efficiencies on the higher executive management level and personnel as well as reasons of selection,
- 5- To prepare policy of human resources and training and monitor its application and review the same annually.
- 6- Regulate and follow up procedures of nomination for the board membership in accordance with the applicable and effective laws and systems.

- **Nomination & Remuneration Committee Formation**

Nomination & Remuneration Committee is formed as follows:

Sl.	Name	Capacity
	Mr. Saif Ali Al Shafar	Nomination & Remuneration Committee Chairman
	Mr. Abdullah Essa Al Zaabi	Member
	Mr. Adel Saleh Mohamed Al Ali	Member

Nomination & Remuneration Committee :

Nomination & Remuneration Committee held 3 meetings during 2015 as follows:

Name	08/06/2015	10/09/2015	09/12/2015
Mr. Saif Ali Al Shafar	√	√	√
Mr. Abdullah Essa Al Zaabi	√	√	√
Mr. Adel Saleh Mohamed Al Ali	X	√	√

- **Board sub-Committees :**

The following three sub-committees were also formed:

- 1) Credit Committee - Chaired by Director Majed Julfar.
- 2) Quality Control Committee - Chaired by Director Abdullah Al Zaabi.
- 3) IT Committee - Chaired by Director Adel Al Ali.

7) **Internal Control System**

- a. The Board acknowledges the role of the internal control management and its responsibility for the implementation and running of the corporate internal control system, its revision and effectiveness thereof.
- b. The key mechanism of the corporate internal control system is to manage the corporate risks, to appropriately apply the governance rules pursuant to the applicable laws and to be in conformity with the Dubai Financial Market and the Securities & Commodities Authority's requirements.



UNIKAI FOODS P.J.S.C. (شركة مساهمة عامة) يونيكاي للأغذية

- c. Submit reports to management and Audit Committee;
- d. Prepare reports (as required) to be submitted to SCA;
- c. Notify Company management regarding any violation to business regulations expected to affect Company's positions, or any violation to SCA laws & regulations
- f. The company appointed Mr. Iqbal Nazir Hona to assume the responsibilities of the internal control management:

g. Internal Control Department Manager Qualifications

Mr. Iqbal Nazer Hona, Company Internal Control Department manager, acts as compliance officer, is holding a bachelor in accountancy, with certificate in cost accountancy, and wide experience in auditing & accountant fields.

h. Internal Control Department dealing with major issues

Company management reviews (Establishment risk management) processes to highlight any potential risks regarding business affairs on internal control or external control views, to highlight actions required to limit risks that may affect work progress. Major risks Company is exposed to didn't, change from previous year, including credit risks, liquidity risks and market risks.

8) Details of Violations committed during Financial Year.

No material violations were committed by Company during 2015. Company honored, followed and implemented all laws, and regulations applicable in the country, and complied with all laws, regulations, and circulars regarding Companies Law and related Ministerial Resolutions, with SCA & DFM regulations & procedures.

9) Company contribution to local community development and environment protection during the year 2015

Company is aware of the necessity to contribute to the local community development, safety and environment policy, environmental objectives, including continuous improvements to combat pollution across all areas within the scope of the company's activities.

- 1- Donate rice to correction institutions.
- 2- Participate with Dubai Airport to supply free samples during the National Day festivals
- 3- Participate in Martyrs Day at the Airport/Officers Club, through free samples.
- 4- Participate in the Flag Day, at Dubai Airport/Al Manara Center, through sponsorship.
- 5- Participate with educational institutions through free gifts & samples.

10) General Information

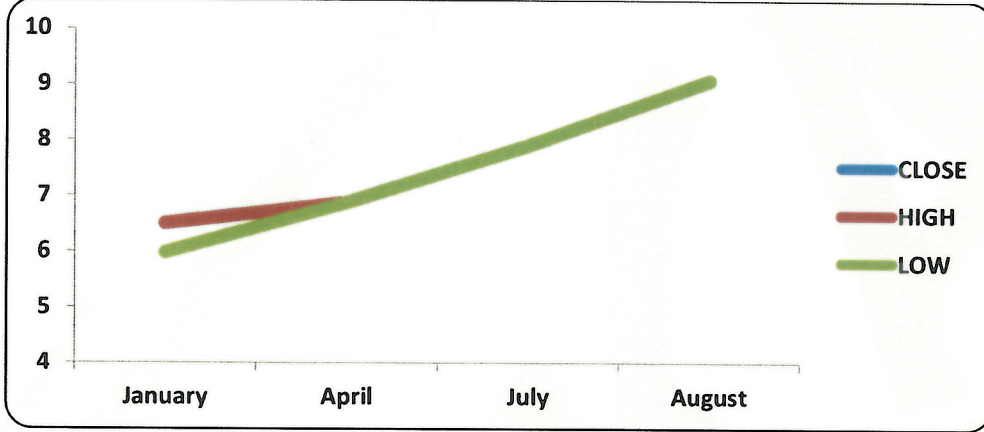
A. Statement of Company highest/lowest share price by 2015 end:(AED)

Month	Highest price	Lowest price
Jan 2015	6.50	5.98
Apr 2015	6.88	6.88
Jul 2015	7.91	7.91
Aug 2015	9.08	9.08



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

According to the information provided by Dubai Financial Market, there were no transactions related to company's shares during the months which were not shown in the above table.

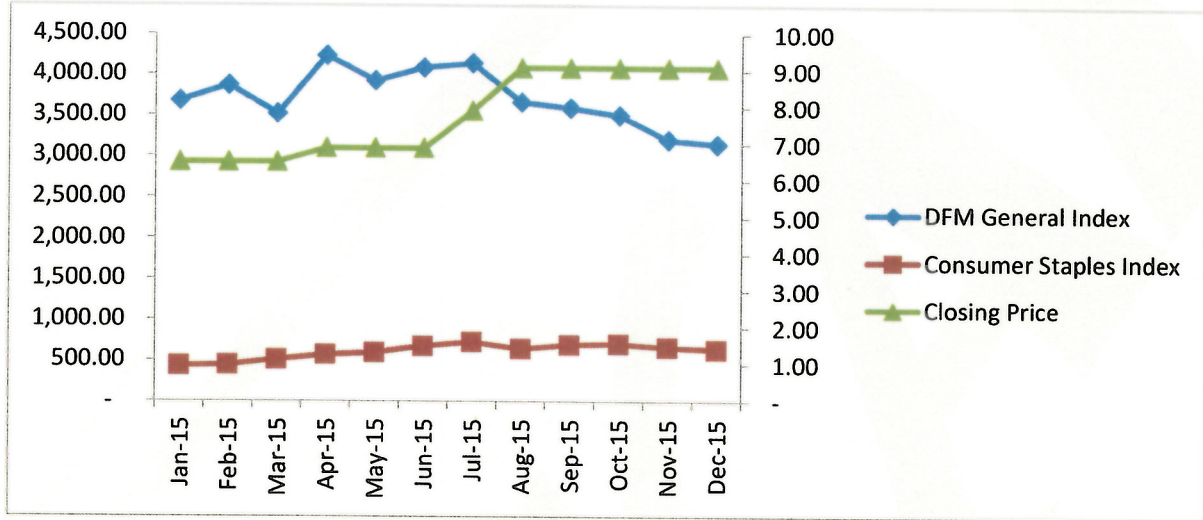


Details of Company share performance, compared to Market index and sector index:

Month	DFM General Index	Consumer Staples Index	Closing Price
Jan-15	3,674.40	431.39	6.50
Feb-15	3,864.67	442.44	6.50
Mar-15	3,514.40	507.29	6.50
Apr-15	4,229.04	567.20	6.88
May-15	3,923.24	593.99	6.88
Jun-15	4,086.83	673.10	6.88
Jul-15	4,143.21	724.10	7.91
Aug-15	3,662.56	644.65	9.08
Sep-15	3,593.28	691.93	9.08
Oct-15	3,503.75	705.02	9.08
Nov-15	3,204.28	663.39	9.08
Dec-15	3,151.00	638.48	9.08



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.



Details of shareholding distribution as on 31/12/2015

Owner capacity	Owner nationality	Shareholding
Individuals	Local	50.32
Companies	Local	49.68

B. Statement of shareholders holding 5% or more of Company capital:

Mohamed & Obaid Al Mulla LLC	29.0602%
Mohamed Saced Al Mulla & Sons LLC	11.6238%
Emirates Investment Bank PJSC	8.0380%
Mrs. Moza Suwaidan Saced Al Ajtabi	5.4489%
Mrs. Fatima Abdullah Rahma Al Owais	5.4489%
Mr. Humaid Ali Abdullah Al Owais	8.1726%

C. Statement of shareholding distribution according to size as on 31/12/2015, as highlighted below:

Sl.	Shares ownership	Shareholders no	No of shares	Percentage to capital
1.	Less than 50,000	68	855,000	2.8265%
2.	50,000 to less than 500,000	11	1,472,300	4.8673%
3.	500,000 to less than 5,000,000	11	19,132,000	63.2460%
4.	More than 5,000,000	1	8,790,700	29.0602



يونيكاي للأغذية (شركة مساهمة عامة) **UNIKAI FOODS P.J.S.C.**

Statement of major events witnessed by the Company during 2015:

- Appointment of a new CEO Mr. Neeraj Vohra.
- Company name was changed from United Kaipara Diaries (P.S.C.) to Unikai Foods (PJSC).
- Share nominal value divided from AED 100 to AED 1 per share.
- Turnaround the loss of AED 65.8 Million in 2014 to a net profit of AED 13.5 Million in 2015.

Mana Mohamed Saeed Al Mulla

Board Chairman Signature



يونيكاي للأغذية (شركة مساهمة عامة) UNIKAI FOODS P.J.S.C.

