

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

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2021**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF UNIKAI FOODS (P.J.S.C.)**

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Unikai Foods (P.J.S.C.) (the “Company”) and its subsidiary (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 31 March 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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

10 May 2021

Dubai, United Arab Emirates

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2021 (Unaudited)

|  | <i>Notes</i> | <i>Three-month period ended<br/>31 March</i> |                         |
|--|--------------|--|-------------------------|
|  |              | <i>2021<br/>AED'000</i>                      | <i>2020<br/>AED'000</i> |
| <b>Revenue</b>   |              | <b>51,184</b>                                | 53,372                  |
| Cost of sales  |              | <b>(33,861)</b>                              | (36,118)                |
| <b>Gross Profit</b>  |              | <b>17,323</b>                                | 17,254                  |
| Administrative, selling and distribution expenses            | 3            | <b>(16,257)</b>                              | (20,877)                |
| Impairment loss on trade receivables                         |              | <b>(45)</b>                                  | -                       |
| <b>Operating profit / (loss) for the period</b>              |              | <b>1,021</b>                                 | (3,623)                 |
| Finance costs, net   |              | <b>(1,603)</b>                               | (2,650)                 |
| Loss on fair valuation of an investment property             | 6            | <b>(425)</b>                                 | -                       |
| Loss on fair valuation of investments through profit or loss | 10           | -  | (325)                   |
| Other income   | 4            | <b>463</b>                                   | 952                     |
| <b>Loss for the period before tax</b>                        |              | <b>(544)</b>                                 | (5,646)                 |
| Tax expense  | 16           | <b>(12)</b>                                  | -                       |
| <b>Loss for the period</b>                                   |              | <b>(556)</b>                                 | (5,646)                 |
| <b>Loss attributable to:</b>                                 |              |  |                         |
| Owners of the Company  |              | <b>(556)</b>                                 | (5,646)                 |
| <b>Earnings per share</b>                                    |              |  |                         |
| Loss per share-basic (AED)                                   | 18           | <b>(0.017)</b>                               | (0.174)                 |

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2021 (Unaudited)

|  | <i>Three-month period ended<br/>31 March</i> |                         |
|--|--|-------------------------|
|  | <i>2021<br/>AED'000</i>                      | <i>2020<br/>AED'000</i> |
| <b>Loss for the period</b>   | <b>(556)</b>                                 | <b>(5,646)</b>          |
| <b>Other comprehensive income for the period</b>                           | <b>-</b>                                     | <b>-</b>                |
| <b>Total comprehensive loss for the period</b>                             | <b>(556)</b>                                 | <b>(5,646)</b>          |
| <b>Total comprehensive loss attributable to:<br/>Owners of the Company</b> | <b>(556)</b>                                 | <b>(5,646)</b>          |

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

|  | Notes | 31 March<br>2021<br>AED'000<br>(Unaudited) | 31 December<br>2020<br>AED'000<br>(Audited) |
|--|-------|--|---|
| <b>ASSETS</b>                                    |       |  |   |
| <b>Non-current assets</b>                        |       |  |   |
| Property, plant and equipment                    | 5     | 34,211                                     | 34,720                                      |
| Investment properties                            | 6     | 33,641                                     | 34,066                                      |
| Right-of-use assets                              | 7     | 40,450                                     | 42,174                                      |
| Deferred tax asset                               |       | 1,328                                      | 1,340                                       |
|  |       | <u>109,630</u>                             | <u>112,300</u>                              |
| <b>Current assets</b>                            |       |  |   |
| Inventories                                      | 8     | 30,483                                     | 27,167                                      |
| Trade and other receivables                      | 9     | 43,576                                     | 42,688                                      |
| Due from a related party                         |       | -  | 268   |
| Investments at fair value through profit or loss | 10    | 15,773                                     | 15,773                                      |
| Bank balances and cash                           | 11    | 14,314                                     | 12,894                                      |
|  |       | <u>104,146</u>                             | <u>98,790</u>                               |
| <b>TOTAL ASSETS</b>                              |       | <u><u>213,776</u></u>                      | <u><u>211,090</u></u>                       |
| <b>EQUITY AND LIABILITIES</b>                    |       |  |   |
| <b>Equity</b>                                    |       |  |   |
| Share capital                                    |       | 32,368                                     | 32,368                                      |
| Statutory reserve                                |       | 2,366                                      | 2,366                                       |
| Restricted reserve                               |       | 792  | 792   |
| Revaluation surplus                              |       | 6,188                                      | 6,188                                       |
| Accumulated losses                               |       | (16,115)                                   | (15,559)                                    |
| <b>Total equity</b>                              |       | <u>25,599</u>                              | <u>26,155</u>                               |
| <b>Non-current liabilities</b>                   |       |  |   |
| Employees' end of service benefits               |       | 6,930                                      | 6,974                                       |
| Lease liabilities                                | 15    | 31,182                                     | 33,825                                      |
| Long-term borrowings                             | 12    | 18,444                                     | 21,450                                      |
|  |       | <u>56,556</u>                              | <u>62,249</u>                               |
| <b>Current liabilities</b>                       |       |  |   |
| Short-term borrowings                            | 12    | 66,406                                     | 63,041                                      |
| Trade and other payables                         | 13    | 51,436                                     | 46,821                                      |
| Due to related party                             |       | -  | 531   |
| Lease liabilities                                | 15    | 13,779                                     | 12,169                                      |
| Provision for income tax                         | 16    | -  | 124   |
|  |       | <u>131,621</u>                             | <u>122,686</u>                              |
| <b>Total liabilities</b>                         |       | <u>188,177</u>                             | <u>184,935</u>                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>              |       | <u><u>213,776</u></u>                      | <u><u>211,090</u></u>                       |

Director

10 MAY 2021

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2021 (Unaudited)

|   | <i>Share<br/>capital<br/>AED'000</i> | <i>Statutory<br/>reserve<br/>AED'000</i> | <i>Restricted<br/>reserve<br/>AED'000</i> | <i>Revaluation<br/>surplus<br/>AED'000</i> | <i>Accumulated<br/>losses<br/>AED'000</i> | <i>Total<br/>AED'000</i> |
|---|--------------------------------------|--|---|--|---|--------------------------|
| Balance as at 1 January 2021            | 32,368                               | 2,366                                    | 792                                       | 6,188                                      | (15,559)                                  | 26,155                   |
| Profit for the period                   | -                                    | -  | -   | -  | (556)                                     | (556)                    |
| Other comprehensive income              | -                                    | -  | -   | -  | -   | -                        |
| Total comprehensive loss for the period | -                                    | -  | -   | -  | (556)                                     | (556)                    |
| <b>Balance as at 31 March 2021</b>      | <b>32,368</b>                        | <b>2,366</b>                             | <b>792</b>                                | <b>6,188</b>                               | <b>(16,115)</b>                           | <b>25,599</b>            |
|   |                                      |  |   |  |   |                          |
|   | <i>Share<br/>capital<br/>AED'000</i> | <i>Statutory<br/>reserve<br/>AED'000</i> | <i>Restricted<br/>reserve<br/>AED'000</i> | <i>Revaluation<br/>surplus<br/>AED'000</i> | <i>Accumulated<br/>losses<br/>AED'000</i> | <i>Total<br/>AED'000</i> |
| Balance as at 1 January 2020            | 32,368                               | 2,366                                    | 792                                       | 6,188                                      | (19,129)                                  | 22,585                   |
| Loss for the period                     | -                                    | -  | -   | -  | (5,646)                                   | (5,646)                  |
| Other comprehensive income              | -                                    | -  | -   | -  | -   | -                        |
| Total comprehensive loss for the period | -                                    | -  | -   | -  | (5,646)                                   | (5,646)                  |
| Balance as at 31 March 2020             | 32,368                               | 2,366                                    | 792                                       | 6,188                                      | (24,775)                                  | 16,939                   |

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2021 (Unaudited)

|  |              | <i>Three-month period ended<br/>31 March</i> |                 |
|--|--------------|--|-----------------|
|  |              | <i>2021</i>                                  | <i>2020</i>     |
|  |              | <i>AED'000</i>                               | <i>AED'000</i>  |
|  | <i>Notes</i> |  |                 |
| <b>OPERATING ACTIVITIES</b>                      |              |  |                 |
| Loss for the period before tax                   |              | (544)  | (5,646)         |
| Adjustments for:                                 |              |  |                 |
| Depreciation                                     | 5            | 1,191  | 1,299           |
| Depreciation on right-of-use assets              | 7            | 2,258  | 2,779           |
| Expected credit losses on trade receivables      |              | 45   | -               |
| Loss on fair valuation of an investment property |              | 425  | -               |
| Loss on fair valuation of investments            |              | -  | 325             |
| Finance costs                                    |              | 1,603  | 2,650           |
| Provision for employees' end of service benefits |              | 216  | 303             |
| Retirement of leases                             |              | -  | (118)           |
|  |              | <b>5,194</b>                                 | <b>1,592</b>    |
| Working capital changes:                         |              |  |                 |
| Inventories                                      |              | (3,316)                                      | (4,450)         |
| Trade and other receivables                      |              | (933)  | 4,305           |
| Due from a related party                         |              | 268  | (12)            |
| Trade and other payables                         |              | 4,615  | 10,476          |
| Due to related parties                           |              | (531)  | (721)           |
| Cash generated from operations                   |              | <b>5,297</b>                                 | <b>11,190</b>   |
| Employees' end of service benefits paid          |              | (260)  | (234)           |
| Income tax paid                                  |              | (124)  | -               |
| Net cash generated from operating activities     |              | <b>4,913</b>                                 | <b>10,956</b>   |
| <b>INVESTING ACTIVITIES</b>                      |              |  |                 |
| Purchase of property, plant and equipment        | 5            | (682)  | (1,139)         |
| Net cash used in investing activities            |              | <b>(682)</b>                                 | <b>(1,139)</b>  |
| <b>FINANCING ACTIVITIES</b>                      |              |  |                 |
| Borrowings, net                                  |              | (3,084)                                      | (5,750)         |
| Lease liabilities paid                           | 15           | (2,120)                                      | (3,851)         |
| Interest paid                                    |              | (1,050)                                      | (1,918)         |
| Fixed deposits                                   |              | 302  | (10,377)        |
| Net cash used in financing activities            |              | <b>(5,952)</b>                               | <b>(21,896)</b> |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b> |              | <b>(1,721)</b>                               | <b>(12,079)</b> |
| Cash and cash equivalents at 1 January           |              | (4,343)                                      | 7,941           |
| <b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>     | 11           | <b>(6,064)</b>                               | <b>(4,138)</b>  |

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

### 1 ACTIVITIES

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree issued by His Highness, The Ruler of Dubai. The Company’s equity securities are listed on Dubai Financial Market. The Company holds 100% of the equity of Unikai and Company LLC (the “Subsidiary”), registered as a limited liability company in the Sultanate of Oman under Commercial Register No. 3/74. The principal activity of the Subsidiary is trading in dairy, juice, ice cream and other food products.

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” for which the Company holds two separate trade licenses with the names “Unikai International P.J.S.C.” and “Unikai International LLC”. The registered address of the Company is P.O. Box 6424, Dubai, UAE.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021 which are required to be fully complied within one year from the date amendments came into effect. The Company has assessed compliance requirement of the new provisions and updated its articles of association as approve in its annual general meeting held on 18 April 2021. The Company will be fully compliant thereof no later than the transition period given in the amendments.

The interim condensed consolidated financial statements have been approved by the Board of Directors on 10 May 2021.

### 2 BASIS OF PREPARATION AND CHANGES TO THE GROUP’S ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 2021 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 financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2020.

In addition, results for the three months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

These condensed consolidated interim financial statements have been presented on the historical cost basis except for investment properties and investments carried at fair value through profit or loss (“FVTPL”), which are measured at fair value.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams (“AED”), rounded to the nearest thousand except when otherwise indicated, which is the Company’s functional and presentation currency.

The Group has incurred a loss of AED 556 thousand for the period ended 31 March 2021, and as of that date it has accumulated losses of AED 16,115 thousand, and its current liabilities exceeded its current assets by AED 27,475 thousand. Notwithstanding these facts, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis as the management of the Group believes that the future operations of the Group will generate sufficient profits and cashflows to meet its financial obligations as they fall due.

#### New standards, interpretations and amendments thereof, 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 financial statements for the year ended 31 December 2020. The adoption of new standards with effect from 1 January 2021 has had no significant effect on the interim condensed consolidated financial statements of the Group.



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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

#### 3 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

|  | <i>Three-month period ended<br/>31 March</i> |   |
|--|--|---|
|  | <i>2021<br/>AED'000<br/>(Unaudited)</i>      | <i>2020<br/>AED'000<br/>(Unaudited)</i> |
| Staff salaries and benefits              | <b>8,774</b>                                 | 10,903                                  |
| Depreciation on right-of-use assets      | <b>2,258</b>                                 | 2,779                                   |
| Commercial vehicle expenses              | <b>1,814</b>                                 | 2,330                                   |
| Depreciation                             | <b>632</b>                                   | 725                                     |
| Advertisement and other selling expenses | <b>72</b>                                    | 113                                     |
| Others                                   | <b>2,707</b>                                 | 4,027                                   |
|  | <b>16,257</b>                                | 20,877                                  |

Commercial vehicle expenses include operating lease rentals of AED 109 thousand (three-month period ended 31 March 2020: AED 193 thousand).

#### 4 OTHER INCOME

Other income for the three-month period ended 31 March 2021 (unaudited) mainly includes rental income amounting to AED 0.39 million (three-month period ended 31 March 2020 (unaudited): AED 0.88 million).

#### 5 PROPERTY, PLANT AND EQUIPMENT

##### *Additions and disposals*

During the three-month period ended 31 March 2021 (unaudited), the Group acquired assets amounting to AED 0.68 million (three-month period ended 31 March 2020 (unaudited): AED 1.1 million). The depreciation expense amounted to AED 1.2 million (unaudited) (three-month period ended 31 March 2020 (unaudited): AED 1.3 million).

#### 6 INVESTMENT PROPERTIES

Investment properties comprises of labour accommodation and a warehouse that are leased to third parties. The fair values of investment properties as of 31 December 2020 were determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The investment method approach was used by taking into account expected market rental growth, occupancy rate, expected maintenance costs and discount rate.

Based on the recent developments resulting in indicator of change in value, the Company reassessed the market value of labor accommodation. The management performed the fair value assessment based on comparable market data as at 31 March 2021 and has recognised fair valuation loss of AED 0.425 million (31 March 2020: AED nil).

The management believe that there have been no significant changes in the fair value of the warehouse from 31 December 2020 to 31 March 2021, and therefore no further revaluation exercise is performed.

The fair value measurement of investment properties of AED 33.6 million (2019: 34.01 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

**7 RIGHT-OF-USE ASSETS**

|                                     | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|-------------------------------------|--|---|
| At 1 January                        | 42,174   | 53,360  |
| Additions during the period         | 534  | 3,772   |
| Less: amortisation for the period   | (2,258)  | (10,465)  |
| Less: retirements during the period | -  | (4,493)   |
|                                     | <u>40,450</u>  | <u>42,174</u>   |
| At the end of the period / year     | <u><u>40,450</u></u>                                 | <u><u>42,174</u></u>                                  |

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

**8 INVENTORIES**

|   | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|---|--|---|
| Raw materials and packing materials         | 13,942   | 10,273  |
| Semi-finished goods                         | 4,890  | 471   |
| Finished goods                              | 1,038  | 5,111   |
| Trading goods                               | 3,200  | 3,580   |
| Consumable stores and spare parts           | 6,172  | 6,129   |
|   | <u>29,242</u>  | <u>25,564</u>   |
| Less: Provision for slow-moving inventories | (1,276)  | (1,285)   |
|   | <u>27,966</u>  | <u>24,279</u>   |
| Goods-in-transit                            | 2,517  | 2,888   |
|   | <u>30,483</u>  | <u>27,167</u>   |
|   | <u><u>30,483</u></u>                                 | <u><u>27,167</u></u>                                  |

**9 TRADE AND OTHER RECEIVABLES**

|  | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|--|--|---|
| Trade receivables                          | 59,388   | 59,005  |
| Less: allowance for expected credit losses | (23,066)   | (23,021)  |
|  | <u>36,322</u>  | <u>35,984</u>   |
| Advances, deposits and prepayments         | 7,254  | 6,704   |
|  | <u>43,576</u>  | <u>42,688</u>   |
|  | <u><u>43,576</u></u>                                 | <u><u>42,688</u></u>                                  |

During the period ended 31 March 2021, the Group did not write off any trade receivables (for the year ended 31 December 2020: Nil thousand) against allowance for expected credit losses.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

#### 10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|---|--|---|
| Balance at the beginning of the period/year | 15,773   | 16,261  |
| <i>Included in profit or loss:</i>          |  |   |
| Change in fair value for the period/year    | -  | (488)   |
| Balance at the end of period/year           | <u>15,773</u>  | <u>15,773</u>   |

Investments represents unquoted equity instruments of an entity operating in dairy and poultry industry.

At 31 December 2020, the fair value of the investment was determined by the management using capitalization of future maintainable earnings of the investee using a market valuation multiple. Valuation multiple is based on market expectations after considering conditions including the economy in general and the business and industry of the investee in particular, using market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques.

For the period ended 31 March 2021, the change in fair value of the investment was estimated by the management using comparable market data. The management has assessed the value of shares considering the impact of current global pandemic and market situation and using market observable data as far as possible. As per assessment performed, the management believe that there have been no significant changes in the fair value of the investments from 31 December 2020 to 31 March 2021.

#### 11 CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following:

|                                 | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|---------------------------------|--|---|
| Cash in hand                    | 1,275  | 531   |
| Bank balances                   | 13,039   | 12,363  |
|                                 | <u>14,314</u>  | <u>12,894</u>   |
| Less: Bank overdrafts (note 12) | (10,192)   | (6,749)   |
| Less: Fixed deposits            | (10,186)   | (10,488)  |
| Cash and cash equivalents       | <u>(6,064)</u>                                       | <u>(4,343)</u>  |

Bank balances include fixed deposits of AED 10,186 (31 December 2020 (audited): AED 10,488) having an original maturity of one year and carry interest at normal commercial rates.

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

#### 12 BORROWINGS

|                                       | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|---------------------------------------|--|---|
| <b>Long term borrowings:</b>          |  |   |
| Term loan                             | 36,170   | 39,654  |
| Less: short term portion of term loan | (17,726)   | (18,204)  |
|                                       | <u>18,444</u>  | <u>21,450</u>   |
| Long term portion of term loan        | <u>18,444</u>  | <u>21,450</u>   |
| <b>Short term borrowings:</b>         |  |   |
| Trust receipts                        | 38,488   | 38,088  |
| Current portion of term loan          | 17,726   | 18,204  |
| Bank overdrafts (note 11)             | 10,192   | 6,749   |
|                                       | <u>66,406</u>  | <u>63,041</u>   |

- i) Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- ii) Term loan is also subject to certain financial covenants including minimum tangible networth of AED 27 million, current ratio of 1.0, debt to EBIDTA not to exceed 6.1 and debt to equity of 3.1. Testing for compliance with the above financial covenants is done annually on 31 December.

#### 13 TRADE AND OTHER PAYABLES

|                             | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|-----------------------------|--|---|
| Trade payables              | 44,314   | 38,454  |
| Accruals and other payables | 6,866  | 8,111   |
| Dividends payable           | 256  | 256   |
|                             | <u>51,436</u>  | <u>46,821</u>   |

#### 14 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 Group's management.

**14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)****a) Compensation of key management personnel**

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

|                         | <i>Three-month period<br/>ended 31 March</i> |   |
|-------------------------|--|---|
|                         | <i>2021<br/>AED'000<br/>(Unaudited)</i>      | <i>2020<br/>AED'000<br/>(Unaudited)</i> |
| Short-term benefits     | 357  | 378                                     |
| End of service benefits | 18   | 12                                      |
|                         | <u>375</u>                                   | <u>390</u>                              |

**b) Other payables:**

|                          | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|--------------------------|--|---|
| Key management personnel | <u>538</u>   | <u>495</u>  |

**15 LEASE LIABILITIES**

|   | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|---|--|---|
| At 1 January  | 45,994   | 58,223  |
| Additions during the period / year  | 534  | 3,772   |
| Add: finance cost   | 553  | 2,561   |
| Less: payments during the period / year, net of prepayments and accruals adjustment | (2,120)  | (13,796)  |
| Less: retirements during the period / year  | -  | (4,766)   |
|   | <u>44,961</u>  | <u>45,994</u>   |

Presented on consolidated statement of financial position as follows:

|             | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|-------------|--|---|
| Current     | 13,779   | 12,169  |
| Non-current | 31,182   | 33,825  |
| Total       | <u>44,961</u>  | <u>45,994</u>   |

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

#### 16 PROVISION FOR INCOME TAX

The provision for taxation is in respect of the Group's operations carried out by a subsidiary in the Sultanate of Oman ("Oman"). The Subsidiary is liable to income tax in accordance with the income tax laws of the Oman depending on the level of its taxable profit. The subsidiary incurred tax losses for the three-month period ended 31 March 2021 and therefore deferred tax asset of AED 12 thousand (unaudited) (2020: Nil (unaudited)) is recognised for the period as per applicable tax laws in Oman. In the opinion of the management the provision for taxation of AED nil (unaudited) (31 December 2020: AED 124 thousand (audited)) as at reporting date is adequate to meet the Group's tax liabilities.

#### 17 CONTINGENCIES AND COMMITMENTS

|                      | <i>31 March<br/>2021<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2020<br/>AED'000<br/>(Audited)</i> |
|----------------------|--|---|
| Letters of credit    | 42   | 7,430   |
| Letters of guarantee | 1,874  | 1,874   |

##### Capital commitments

The capital commitments outstanding as at 31 March 2021 amount to AED 3.4 million (31 December 2020: AED 4.5 million) representing costs to be incurred towards construction of warehouses and cooling system for the plant.

##### Legal cases

As at 31 March 2021, the Group has few outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no additional provision is required as at 31 March 2021 (31 December 2020: AED Nil).

#### 18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the loss for the period amounting to AED 556 thousand (31 March 2020: AED 5,646 thousand) by the weighted average number of shares outstanding during the period ended 31 March 2021 of 32,368,000 shares (period ended 31 March 2020: 32,368,000 shares).

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

#### 19 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 interim 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 interim condensed consolidated financial statements.

IFRS also requires an entity to report its segment assets and revenue along geographical regions. All significant activities of the Group are performed on an integrated basis in the Gulf region and the Directors consider an analysis by individual country would not be meaningful.

Additional information required by IFRS 8, "Segment reporting", is disclosed below:

##### Major customers

During the three-month period ended 31 March 2021, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (three-month period ended 31 March 2020: None).

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

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2021 (Unaudited)

#### 20 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, due from a related party and investments at fair value through profit and loss. Financial liabilities consist of borrowings, trade and other payables and due to related parties.

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

##### 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 31 March 2021, the Group held the following financial instruments and investment properties measured at fair value:

##### Assets measured at fair value

|   | <i>31 March<br/>2021<br/>AED'000</i>    | <i>Level 1<br/>AED'000</i> | <i>Level 2<br/>AED'000</i> | <i>Level 3<br/>AED'000</i> |
|---|---|----------------------------|----------------------------|----------------------------|
| Investments at FVTPL (Unaudited)                              | <u>15,773</u>                           | <u>11</u>                  | <u></u>                    | <u>15,762</u>              |
| Investment properties (Unaudited)                             | <u>33,641</u>                           | <u>-</u>                   | <u>-</u>                   | <u>33,641</u>              |
|   | <i>31 December<br/>2020<br/>AED'000</i> | <i>Level 1<br/>AED'000</i> | <i>Level 2<br/>AED'000</i> | <i>Level 3<br/>AED'000</i> |
| Investments at fair value through<br>profit or loss (Audited) | <u>15,773</u>                           | <u>9</u>                   | <u>-</u>                   | <u>15,764</u>              |
| Investment properties (Audited)                               | <u>34,066</u>                           | <u>-</u>                   | <u>-</u>                   | <u>34,066</u>              |

#### 21 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.