

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 SEPTEMBER 2021



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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 30 September 2021 and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and statements of changes in equity and cash flows for the nine-month periods 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

6 November 2021

Dubai, United Arab Emirates

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the Nine-month period ended 30 September 2021

	<i>Notes</i>	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2021 AED '000</i>	<i>2020 AED '000</i>	<i>2021 AED '000</i>	<i>2020 AED '000</i>
Revenue from contracts with customers		68,603	60,998	190,392	182,896
Cost of sales		(44,806)	(37,355)	(122,212)	(116,203)
Gross profit		23,797	23,643	68,180	66,693
Administrative, selling and distribution expenses	3	(19,001)	(18,895)	(54,415)	(59,902)
Writeback of operating accruals	4	-	-	1,393	-
Impairment loss on trade receivables		(97)	(110)	(234)	(447)
Operating profit for the period		4,699	4,638	14,924	6,344
Finance costs, net		(1,891)	(2,155)	(6,100)	(7,284)
Loss on fair valuation of investment property	6	-	-	(1,925)	-
Loss on fair valuation of investments		-	(100)	-	(743)
Other income	4	481	1,232	1,631	3,114
Profit for the period before tax		3,289	3,615	8,530	1,431
Tax (expense)/ credit	16	(56)	400	(983)	400
Profit for the period		3,233	4,015	7,547	1,831
Profit attributable to:					
Owners of the Company		3,233	4,015	7,547	1,831
Earnings per share					
Earnings per share-basic (AED)	18	0.10	0.12	0.23	0.06

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 Nine-month period ended 30 September 2021

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Profit for the period	3,233	4,015	7,547	1,831
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	3,233	4,015	7,547	1,831
Total comprehensive profit attributable to: Owners of the Company	3,233	4,015	7,547	1,831

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 30 September 2021

	<i>Notes</i>	<i>30 September 2021 AED 000</i>	<i>31 December 2020 AED 000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,642	34,720
Investment properties	6	32,142	34,066
Right-of-use assets	7	37,603	42,174
Deferred tax asset	16	1,100	1,340
		<u>104,487</u>	<u>112,300</u>
Current assets			
Inventories	8	31,899	27,167
Trade and other receivables	9	52,202	42,688
Investments at fair value through profit or loss	10	15,773	15,773
Due from a related party		-	268
Cash in hand and at bank	11	12,208	12,894
		<u>112,082</u>	<u>98,790</u>
TOTAL ASSETS		<u><u>216,569</u></u>	<u><u>211,090</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		2,366	2,366
Restricted reserve		792	792
Revaluation surplus		6,188	6,188
Accumulated losses		(8,012)	(15,559)
Total equity		<u>33,702</u>	<u>26,155</u>
Non-current liabilities			
Employees' end of service benefits		6,963	6,974
Lease liabilities	15	28,076	33,825
Long-term borrowings	12	22,240	21,450
		<u>57,279</u>	<u>62,249</u>
Current liabilities			
Short-term borrowings	12	55,746	63,041
Trade and other payables	13	56,645	46,821
Due to related parties		-	531
Lease liabilities	15	12,454	12,169
Provision for income tax	16	743	124
		<u>125,588</u>	<u>122,686</u>
Total Liabilities		<u>182,867</u>	<u>184,935</u>
TOTAL EQUITY AND LIABILITIES		<u><u>216,569</u></u>	<u><u>211,090</u></u>

Director



06 NOV 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 Nine-month period ended 30 September 2021

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Restricted reserve AED '000</i>	<i>Revaluation surplus AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2021	32,368	2,366	792	6,188	(15,559)	26,155
Profit for the period	-	-	-	-	7,547	7,547
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	7,547	7,547
Balance as at 30 September 2021	32,368	2,366	792	6,188	(8,012)	33,702
	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>Restricted reserve AED '000</i>	<i>Revaluation surplus AED '000</i>	<i>Accumulated losses AED '000</i>	<i>Total AED '000</i>
Balance as at 1 January 2020	32,368	2,366	792	6,188	(19,129)	22,585
Profit for the period	-	-	-	-	1,831	1,831
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,831	1,831
Balance as at 30 September 2020	32,368	2,366	792	6,188	(17,298)	24,416

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 Nine-month period ended 30 September 2021

	Notes	<i>Nine-month period ended 30 September</i>	
		<i>2021 AED '000</i>	<i>2020 AED '000</i>
OPERATING ACTIVITIES			
Profit for the period before tax		8,530	1,431
Adjustments for:			
Depreciation	5	3,648	3,900
Depreciation on right to use assets	7	6,924	8,099
Impairment loss on trade receivables		234	447
Loss on fair valuation of investments		1,924	743
Gain on disposal of property, plant and equipment		(5)	(31)
Dividend income		(426)	-
Finance costs, net		6,100	7,284
Provision for employees' end of service benefits		793	944
Retirement of leases		(3)	(248)
		27,719	22,569
Working capital changes:			
Inventories		(4,732)	51
Trade and other receivables		(9,748)	7,505
Due from a related party		268	(9)
Trade and other payables*		9,824	(7,336)
Due to related parties		(531)	(873)
		22,800	21,907
Cash generated from operations		22,800	21,907
Employees' end-of-service benefits paid		(804)	(731)
Income tax paid		(124)	-
Net cash generated from operating activities		21,872	21,176
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(2,600)	(2,978)
Release/ (placement) of fixed deposit	11	302	(10,377)
Proceeds from disposal of property, plant and equipment		35	37
Dividend received		426	-
Net cash used in investing activities		(1,837)	(13,318)
FINANCING ACTIVITIES			
Borrowings, net		(6,970)	(1,136)
Finance cost paid		(4,504)	(5,298)
Lease liabilities paid		(9,410)	(10,739)
Net cash used in financing activities		(20,884)	(17,173)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(849)	(9,315)
Cash and cash equivalents at 1 January		(4,343)	7,941
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	11	(5,192)	(1,374)

* Includes non- cash transaction relating to write back of operating accruals (Refer note 4) (Nine-month period ended 30 September 2020: Nil).

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 30 September 2021

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 6 November 2021.

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

Basis of preparation

The interim condensed consolidated financial statements for the nine months period ended 30 September 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 Nine-month period ended 30 September 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.

As of 30 September 2021, the Group has accumulated losses of AED 8,012 thousand, and its current liabilities exceeded its current assets by AED 13,506 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 30 September 2021

3 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Staff salaries and benefits	9,213	9,738	28,134	30,824
Advertisement and other selling expenses	35	100	139	334
Commercial vehicle expenses	2,309	2,082	6,387	6,781
Depreciation	646	742	1,946	2,203
Depreciation on right of use assets	2,366	2,521	6,924	8,099
Other expenses	4,432	3,712	10,885	11,661
	19,001	18,895	54,415	59,902

Commercial vehicle expenses include operating lease rentals of AED 103 thousand for three-month period ended 30 September 2021 (Three-month period ended 30 September 2020: AED reversal 120 thousand) and AED 344 thousand for Nine-month period ended 30 September 2021 (Nine-month period ended 30 September 2020: AED 150 thousand).

4 OTHER INCOME

Other income for the nine-month period ended 30 September 2021 mainly include rental income amounting to AED 0.94 million (Nine-month period ended 30 September 2020: AED 2.7 million) and three-month period ended 30 September 2021 mainly include rental income amounting to AED 0.24 million (Three-month period ended 30 September 2020: AED 0.90 million).

During the period, the Company has written back certain operating accruals amounting to AED 1,393 thousand (for the nine-month period ended 30 September 2020: AED Nil) which are no longer payable.

5 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the nine-month period ended 30 September 2021, the Group acquired assets amounting to AED 2.6 million (Nine-month period ended 30 September 2020: AED 2.9 million). The depreciation expense amounted to AED 3.6 million (Nine-month period ended 30 September 2020: AED 3.9 million).

6 INVESTMENT PROPERTIES

Investment properties comprises of labor 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.

As of 30 June 2021, based on the recent developments resulting in indicator of change in value, the Company reassessed the market value of labor accommodation. The fair value of labor accommodation was determined by external, independent property valuer, having appropriate professional qualifications and recent experience in the location and category of property being valued. Accordingly, the fair valuation loss of AED 1,925 thousand (30 June 2020: AED Nil (unaudited)) relating to labor accommodation is recognised.

The management believe that there have been no significant changes in the fair value of the accommodation from 30 June 2021 to 30 September 2021, and therefore no further revaluation exercise is performed.

The management believe that there have been no significant changes in the fair value of the warehouse from 31 December 2020 to 30 September 2021.

The fair value measurement of investment properties of AED 32.14 million (2020: 34.07 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 30 September 2021

7 RIGHT-OF-USE ASSETS

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
At 1 January	42,174	53,360
Additions during the period / year	2,467	3,772
Less: amortisation for the period / year	(6,924)	(10,465)
Less: retirements during the period / year	(114)	(4,493)
At the end of the period / year	<u>37,603</u>	<u>42,174</u>

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

8 INVENTORIES

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Raw materials and packing materials	13,074	10,273
Semi-finished goods	1,070	471
Finished goods	4,648	5,111
Trading goods	3,866	3,580
Consumable stores and spare parts	6,201	6,129
	<u>28,859</u>	<u>25,564</u>
Less: Provision for slow-moving inventories	(1,239)	(1,285)
	<u>27,620</u>	<u>24,279</u>
Goods-in-transit	4,279	2,888
	<u>31,899</u>	<u>27,167</u>

9 TRADE AND OTHER RECEIVABLES

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Trade receivables	67,103	59,005
Less: allowance for expected credit losses	(23,255)	(23,021)
	<u>43,848</u>	<u>35,984</u>
Advances, deposits and prepayments	8,354	6,704
	<u>52,202</u>	<u>42,688</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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 capitalisation 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 categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques.

For the period ended 30 September 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 30 September 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:

	30 September 2021 AED '000	31 December 2020 AED '000 (Audited)
Cash in hand	914	531
Bank balances	11,294	12,363
	12,208	12,894
Less: Bank overdrafts (note 12)	(7,214)	(6,749)
Less: Fixed deposits	(10,186)	(10,488)
Cash and cash equivalents	(5,192)	(4,343)

Bank balances include fixed deposits of AED 10,186 thousand (31 December 2020 (audited): AED 10,488 thousand) having an original maturity of more than three months and carry interest at current commercial rates.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

12 BORROWINGS

	<i>30 September 2021 AED '000</i>	<i>31 December 2020 AED '000 (Audited)</i>
Long term borrowings:		
Term loans	48,200	39,654
Less: short term portion of term loans	<u>(25,960)</u>	<u>(18,204)</u>
Long term portion of term loan	<u>22,240</u>	<u>21,450</u>
Short term borrowings:		
Trust receipts	22,572	38,088
Current portion of term loan	25,960	18,204
Bank overdrafts (note 11)	<u>7,214</u>	<u>6,749</u>
	<u>55,746</u>	<u>63,041</u>

- i) Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- ii) One of the term loans is also subject to certain financial covenants including minimum tangible net worth 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.
- iii) During the current period, the Company converted outstanding balance of trust receipts amounting to AED 25 million into another term loan repayable over 25 installments commenced in June 2021, as first 12 monthly installments of AED 750 thousand each, then 12 monthly instalment of AED 1,250 thousand each and final installment of AED 1,000 thousand. The loan carries interest of 4.5% per annum over 3 months EIBOR with minimum 6% per annum payable monthly.

13 TRADE AND OTHER PAYABLES

	<i>30 September 2021 AED '000</i>	<i>31 December 2020 AED '000 (Audited)</i>
Trade payables	44,778	38,454
Accruals and other payables	10,105	7,650
VAT payable	1,677	461
Dividends payable	<u>85</u>	<u>256</u>
	<u>56,645</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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

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 ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2021 AED'000</i>	<i>2020 AED'000</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
Short term benefits	402	352	1,223	1,273
Provision towards staff terminal benefits	50	16	85	40
	452	368	1,308	1,313

b) Other payables:

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Key management personnel	659	495

15 LEASE LIABILITIES

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
At 1 January	45,994	58,223
Additions during the period / year	2,467	3,772
Add: finance cost	1,596	2,561
Less: payments during the period / year, net of prepayments and accruals adjustments	(9,410)	(13,796)
Less: retirements during the period / year	(117)	(4,766)
	40,530	45,994

Presented on consolidated statement of financial position as follows:

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Current	12,454	12,169
Non-current	28,076	33,825
Total	40,530	45,994

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

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 has recognized income tax expense of AED 983 thousand for the nine month period ended 30 September 2021 (nine month period ended 30 September 2020: reversal AED 400 thousand,) represented by current tax charge of AED 743 thousand and deferred tax assets charge of AED 240 thousand for the Nine-month period ended 30 September 2021 (nine month period ended 30 September 2020: current tax reversal AED 400 thousand and deferred tax charge AED Nil). In the opinion of the management, the provision for taxation of AED 743 thousand (31 December 2020: AED 124 thousand) as at reporting date is adequate to meet the Group's tax liabilities.

Deferred tax asset of AED 1,100 thousand as at 30 September 2021(31 December 2020: AED 1,340 thousand) computed for future tax liability implications due to timing differences in taxable profits and accounting profit.

17 CONTINGENCIES AND COMMITMENTS

	<i>30 September 2021 AED'000</i>	<i>31 December 2020 AED'000 (Audited)</i>
Letters of credit	<u>10</u>	<u>7,430</u>
Letters of guarantee	<u>1,598</u>	<u>1,874</u>

Capital commitments

The capital commitments outstanding as at 30 September 2021 amount to AED 3.2 million (31 December 2020: AED 4.5 million) representing costs to be incurred towards construction of warehouses for the plant.

Legal cases

As at 30 September 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 30 September 2021 (31 December 2020: AED Nil).

18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period amounting to AED 7,547 thousand (for the period ended 30 September 2020: AED 1,831 thousand), by the weighted average number of shares outstanding during the period ended 30 September 2021 of 32,368,000 shares (period ended 30 September 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 dairy, 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 require 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 Nine-month period ended 30 September 2021, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (Nine-month period ended 30 September 2020: None).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2021

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 or loss. Financial liabilities consist of borrowings, trade and other payables and due to a related party.

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 30 September 2021, the Group held the following financial instruments and investment properties measured at fair value:

Assets measured at fair value

	<i>30 September 2021 AED '000</i>	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>
Investments at FVTPL	<u>15,773</u>	<u>11</u>	<u>-</u>	<u>15,762</u>
Investment properties	<u>32,142</u>	<u>-</u>	<u>-</u>	<u>32,142</u>
	<i>31 December 2020 (audited) AED '000</i>	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>
Investments at FVTPL	<u>15,773</u>	<u>11</u>	<u>-</u>	<u>15,762</u>
Investment properties	<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.