

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

Interim Condensed Consolidated
Financial Statements
For the period ended June 30, 2023

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements
For the period ended June 30, 2023

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**Report on review of the interim condensed consolidated financial statements
To the Shareholders of Unikai Foods (P.J.S.C.)****Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Unikai Foods (P.J.S.C.) (the "Company") and its subsidiary (collectively referred to as "the Group") as at June 30, 2023, and the related interim consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes.

Management is responsible for the preparation and 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 condensed consolidated 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

- i. The interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2022 were reviewed by another auditor who expressed an unmodified conclusion on those statements on August 11, 2022.
- ii. The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 20, 2023.



GRANT THORNTON
Dr. Osama El Bakry
Registration No. 935
Dubai, United Arab Emirates


03 AUG 2023


Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of financial position
As at June 30, 2023

		June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	4	34,709	33,816
Investment properties	5	42,313	42,313
Right-of-use assets	6	26,963	31,894
Deferred tax asset	14	1,081	1,212
		<u>105,066</u>	<u>109,235</u>
Current assets			
Inventories	7	44,671	37,560
Trade and other receivables	8	66,409	53,414
Financial assets at fair value through profit or loss	9	18,622	18,634
Bank balances and cash	10	15,049	13,286
		<u>144,751</u>	<u>122,894</u>
TOTAL ASSETS		<u>249,817</u>	<u>232,129</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		3,870	3,870
Asset revaluation surplus		6,646	6,646
Retained earnings		7,695	566
Total equity		<u>50,579</u>	<u>43,450</u>
Non-current liabilities			
Employees' end of service benefits		8,167	7,777
Lease liabilities	13	19,174	25,246
		<u>27,341</u>	<u>33,023</u>
Current liabilities			
Interest-bearing borrowings	11	88,683	85,607
Trade and other payables	12	69,425	55,857
Lease liabilities	13	13,427	13,812
Provision for income tax	14	362	380
		<u>171,897</u>	<u>155,656</u>
Total liabilities		<u>199,238</u>	<u>188,679</u>
TOTAL EQUITY AND LIABILITIES		<u>249,817</u>	<u>232,129</u>

These interim condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 03-Aug-2023 and were signed on its behalf by:


Director


Director

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
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Interim consolidated statement of profit or loss
For the period ended June 30, 2023

	Notes	Three-month period ended June 30,		Six-month period ended June 30,	
		2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
Revenue	17	93,391	87,011	170,729	152,069
Cost of sales		(60,388)	(59,005)	(115,099)	(105,207)
GROSS PROFIT		33,003	28,006	55,630	46,862
Administrative, selling and distribution expenses	18	(22,296)	(21,679)	(42,034)	(39,360)
Allowance for expected credit losses		-	(1,440)	-	(1,440)
OPERATING PROFIT		10,707	4,887	13,596	6,062
Finance costs, net	19	(2,605)	(2,000)	(5,147)	(3,837)
Change in fair value of financial assets at FVTPL	9	-	1,370	1	1,529
Other income		450	956	581	1,805
PROFIT BEFORE TAX		8,552	5,213	9,031	5,559
Income tax expense		(565)	(292)	(502)	(172)
NET PROFIT FOR THE PERIOD		7,987	4,921	8,529	5,387
Earnings per share					
Basic and diluted earnings per share (AED)	20	0.25	0.15	0.26	0.17

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
Interim Condensed Consolidated Financial Statements

Interim consolidated statement of comprehensive income
For the period ended June 30, 2023

	Three-month period ended June 30,		Six-month period ended June 30,	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED '000	2022 (Unaudited) AED '000
NET PROFIT FOR THE PERIOD	7,987	4,921	8,529	5,387
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,987	4,921	8,529	5,387

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
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Interim consolidated statement of changes in equity
For the period ended June 30, 2023

	Share capital AED'000	Statutory reserve AED'000	Revaluation surplus AED'000	Retained earnings/ (accumulated losses) AED'000	Total AED'000
As at January 1, 2023 (audited)	32,368	3,870	6,646	566	43,450
Net profit for the period	-	-	-	8,529	8,529
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	8,529	8,529
Directors' remuneration	-	-	-	(1,400)	(1,400)
As at June 30, 2023 (unaudited)	32,368	3,870	6,646	7,695	50,579
As at January 1, 2022 (audited)	32,368	3,158	6,646	(4,939)	37,233
Net profit for the period	-	-	-	5,387	5,387
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	5,387	5,387
Directors' remuneration	-	-	-	(900)	(900)
As at June 30, 2022 (unaudited)	32,368	3,158	6,646	(452)	41,720

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Unikai Foods (P.J.S.C.) and its subsidiary
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Interim consolidated statement of cash flows
For the period ended June 30, 2023

		Six-month period ended June 30, 2023 (Unaudited) AED '000	Six-month period ended June 30, 2022 (Unaudited) AED '000
	Notes		
OPERATING ACTIVITIES			
Profit before tax		9,031	5,559
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	2,662	2,426
Depreciation of right-of-use assets		5,048	4,843
Change in fair value of financial assets at FVTPL		(1)	(1,529)
Allowance for expected credit losses		-	1,440
Inventories written off		2,997	1,973
Gain on disposal of property, plant and equipment		(21)	(16)
Provision for slow moving inventories		119	605
Finance costs, net	19	5,147	3,837
Provision for employees' end of service benefits		756	872
		<u>25,738</u>	<u>20,010</u>
<i>Changes in working capital</i>			
Inventories		(10,227)	(9,040)
Trade and other receivables		(12,995)	(12,131)
Trade and other payables		13,653	6,306
Cash from operations		<u>16,169</u>	<u>5,145</u>
Employees' end of service benefits paid		(366)	(414)
Directors' remuneration paid		(1,400)	(900)
Income tax paid		(389)	(655)
Net cash flows from in operating activities		<u>14,014</u>	<u>3,176</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,572)	(1,843)
Placement of fixed deposits		(125)	-
Finance income received		72	104
Proceeds from disposal of property, plant and equipment		38	25
Proceeds from disposal of financial assets at FVTPL		13	-
Net cash flows used in investing activities		<u>(3,574)</u>	<u>(1,714)</u>
FINANCING ACTIVITIES			
Interest-bearing borrowings received		92,432	55,307
Interest-bearing borrowings repaid		(91,397)	(49,233)
Dividends paid		(85)	-
Finance cost paid		(4,250)	(2,924)
Payment of lease liabilities		(7,543)	(4,870)
Net cash flow used in financing activities		<u>(10,843)</u>	<u>(1,720)</u>
Net change in cash and cash equivalents		<u>(403)</u>	<u>(258)</u>
Cash and cash equivalents at the beginning of the period		<u>(7,304)</u>	<u>(6,767)</u>
Cash and cash equivalents at the end of the period	10	<u>(7,707)</u>	<u>(7,025)</u>

The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

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

Interim Condensed Consolidated Financial Statements

Notes to the interim condensed consolidated financial statements

For the period ended June 30, 2023

1 Legal status and principal activities

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company incorporated on April 11, 1977 by a Decree issued by the late His Highness Sheikh Rashid bin Saeed Al Maktoum, the Ruler of Dubai and listed on Dubai Financial Market. The Company holds 100% shareholding 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 together with the Subsidiary are referred to as the “Group”.

The Group is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution in the Arabian Gulf countries in addition to other countries. The trading activities of the Group are carried on under the name “Unikai International” for which the Company holds two separate trade licenses: “Unikai International P.J.S.C.” and “Unikai International LLC”. The registered address of the Company is P.O. Box 6424, Dubai, UAE.

These interim condensed consolidated financial statements as at June 30, 2023 include the financial performance and position of the Company and its subsidiary.

2 Basis of preparation and summary of significant accounting policies

a) Basis of preparation

The interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2022. In addition, the results for the six-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of these interim condensed consolidated financial statements are the same as those applied in the preparation of the audited consolidated financial statements as at and for the year ended December 31, 2022.

The interim condensed consolidated financial statements have been prepared on an accruals basis under the historical cost convention except for investment properties and financial assets at fair value through profit or loss (FVTPL), which have been measured at fair value.

b) Going concern

The interim condensed consolidated financial statements of the Group have been prepared on a going concern basis. The Group’s management and the Board of Directors have made an assessment of the Group’s ability to continue as a going concern based on the following factors:

- The Group has positive equity of AED 50.578 million as at the period end, which is improving year on year.
- The Group has forecasted positive operating cash flows with expected growth in revenue and profits for the year 2023 and onwards.
- The management had undertaken a detailed review of costs during 2022 with a view to reducing the cost of sales, operational and administrative costs to improve the financial performance of the Group.
- The Banks have extended their existing facilities and have also provided additional facilities for 2023. The Group has sufficient credit facilities available from banks to meet its cash flow requirements.

Unikai Foods (P.J.S.C.) and its subsidiary
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Notes to the interim condensed consolidated financial statements (continued)
For the period ended June 30, 2023

2 Basis of preparation and summary of significant accounting policies (continued)

b) Going concern (continued)

Further, management and the Board of Directors are not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

c) Functional and presentation currency

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), which is also the Company's functional currency. All values are rounded to the nearest thousands ("000") except where indicated otherwise.

d) Basis of consolidation

These interim condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

e) Significant accounting estimates and judgments

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2022.

f) New Standards, Interpretations and Amendments adopted as at January 1, 2023

Certain accounting pronouncements have become effective from January 1, 2023 and have therefore been adopted by the Group. However, these standards do not have any significant impact on the interim condensed consolidated financial statements therefore further disclosures have not been made.

3 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2022.

4 Property, plant and equipment

During the six-month period ended June 30, 2023, the Group acquired property, plant and equipment amounting to AED 3.6 million (June 30, 2022: AED 1.8 million).

Depreciation charge on property, plant and equipment for the six-month period ended June 30, 2023 amounted to AED 2.7 million (June 30, 2022: AED 2.4 million).

5 Investment properties

Investment properties of AED 42.313 million (2022: AED 42.313 million) comprise a labour accommodation, a warehouse and a right-of-use of land that are leased to third parties under operating lease arrangements. The fair values of investment properties were determined by an external independent property valuer as at December 31, 2022, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

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Notes to the interim condensed consolidated financial statements (continued)
For the period ended June 30, 2023

5 Investment properties (continued)

Based on the market assessment and available comparable market data as at June 30, 2023, the management assessed that there have been no significant changes in the fair value of investment properties from December 31, 2022, and therefore no change in fair value has been recognised during the period (2022: Nil).

The fair value measurement of investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

6 Right-of-use assets

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
At the beginning of the period/year	31,894	34,924
Additions during the period/year	117	7,003
Depreciation for the period/year	(5,048)	(10,033)
At the end of the period/year	<u>26,963</u>	<u>31,894</u>

The Group has lease contracts for various plots of land, buildings and motor vehicles used in its operations.

7 Inventories

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Raw materials and packing materials	22,945	16,022
Semi-finished goods	1,765	609
Finished goods	5,675	6,288
Trading goods	7,242	4,589
Consumable stores and spare parts	6,497	6,570
	<u>44,124</u>	<u>34,078</u>
Less: provision for slow-moving inventories	(1,474)	(1,355)
	<u>42,650</u>	<u>32,723</u>
Goods-in-transit	2,021	4,837
	<u>44,671</u>	<u>37,560</u>

8 Trade and other receivables

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trade receivables	83,614	73,657
Less: allowance for expected credit losses	(27,118)	(26,918)
	<u>56,496</u>	<u>46,739</u>
Prepayments	3,581	2,835
Advances to suppliers	2,689	525
Other receivables	4,258	4,130
Less: allowance for expected credit losses on other receivables	(615)	(815)
	<u>66,409</u>	<u>53,414</u>

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Notes to the interim condensed consolidated financial statements (continued)
For the period ended June 30, 2023

9 Financial assets at fair value through profit or loss

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Unquoted equities - UAE	18,622	18,634

Movements during the period/year were as follow:

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
At the beginning of the period/year	18,634	15,931
Disposal	(13)	-
Change in fair value	1	2,703
At the end of the period/year	18,622	18,634

Financial assets at FVTPL represent unquoted equity instruments.

At December 31, 2022, the fair value of the investments 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.

Management, based on comparable market data, has assessed that there have been no significant changes in the fair value of investments from December 31, 2022, except for investment disposed of during the period, therefore no further change in fair value has been recognised during the period.

10 Cash and cash equivalents

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Cash in hand	1,544	730
Bank balances*	13,505	12,556
Bank balances and cash	15,049	13,286
Less: bank overdrafts (Note 11)	(10,886)	(8,845)
Less: fixed deposits*	(11,870)	(11,745)
Cash and cash equivalents	(7,707)	(7,304)

* Bank balances include fixed deposits of AED 11.870 million (December 31, 2022: AED 11.745 million) having an original maturity of one year and carry interest at normal commercial rates.

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Notes to the interim condensed consolidated financial statements (continued)
For the period ended June 30, 2023

11 Interest-bearing borrowings

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trust receipts	67,892	59,504
Bank overdrafts (Note 10)	10,886	8,845
Term loans	9,905	17,258
	<u>88,683</u>	<u>85,607</u>
Less: non-current portion	-	-
Current portion	<u>88,683</u>	<u>85,607</u>

During the period, Group obtained AED 15 million trust receipts facility from the bank. Trust receipts and bank overdrafts have been obtained to finance the working capital requirements and are short term in nature and carry interest at commercial rates.

Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.

As at June 30, 2023 and December 31, 2022 the Group has not complied with certain financial covenants, and therefore, the entire balance of term loans has been classified as current liability.

12 Trade and other payables

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Trade payables	57,534	46,337
Accruals and other payables	8,731	8,227
Advances received from customers	2,239	793
VAT payable	921	415
Dividends payable	-	85
	<u>69,425</u>	<u>55,857</u>

13 Lease liabilities

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
At the beginning of the period/year	39,058	40,381
Additions during the period/year	117	7,003
Accretion of interest	969	2,126
Payments made during the period/year	(7,543)	(10,452)
At the end of the period/year	<u>32,601</u>	<u>39,058</u>
Current	13,427	13,812
Non-current	<u>19,174</u>	<u>25,246</u>
	<u>32,601</u>	<u>39,058</u>

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14 Taxation

The provision for taxation is in respect of the Group's operations carried out by its 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 recognised income tax expense of AED 0.502 million for the six-month period ended June 30, 2023 (unaudited) (six-month period ended June 30, 2022: AED 0.172 million (unaudited) as per applicable tax laws in Oman.

In the opinion of the Group's management the provision for taxation of AED 0.362 million (unaudited) (December 31, 2022: AED 0.380 million) as at reporting date is adequate to meet the Group's tax liabilities.

Deferred tax asset of AED 1.081 million as of June 30, 2023 (unaudited) (December 31, 2022 (audited): AED 1.212 million), relate to temporary timing differences of AED 7.21 million (unaudited) (December 31, 2022 AED 8.080 million (audited): relate to temporary timing differences) at the prevailing tax rate based on the management's assessment to utilise against expected tax profits in following years. The deferred tax expense of AED 0.131 million (for the six-month period ended June 30, 2022 (unaudited): deferred tax income of AED 0.120 million relating to movement in temporary timing differences.

15 Related party transactions

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 in line with the approval of the Group's board of directors.

Compensation of key management personnel

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000	2023 (Unaudited) AED'000	2022 (Unaudited) AED'000
Short-term benefits	528	424	971	1,058
End of service benefits	22	22	44	101
	550	446	1,015	1,159

Due from related parties

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Due from shareholders	-	542

Due to related parties

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Key management personnel	1,033	914

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16 Contingencies and commitments

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Letters of credit	1,766	799
Letters of guarantee	1,598	1,598

Capital Commitments

The capital commitments outstanding represents the costs to be incurred towards construction of warehouses and cooling system for the plant.

	June 30, 2023 (Unaudited) AED'000	December 31, 2022 (Audited) AED'000
Capital Commitments	4,696	3,590

Legal cases

As at June 30, 2023, the Group has 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 provisions are required as at June 30, 2023 (December 31, 2022: Nil).

17 Revenue from contract with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Three-month period ended June 30, 2023 (Unaudited) AED'000		Six-month period ended June 30, 2023 (Unaudited) AED'000	
	2022 (Unaudited) AED'000		2022 (Unaudited) AED'000	
Sales of goods	93,391	87,011	170,729	152,069
Geographical market				
United Arab Emirates	47,718	45,446	89,666	81,964
Oman	42,542	38,011	73,608	62,706
Other countries	3,131	3,554	7,455	7,399
	93,391	87,011	170,729	152,069
Timing of revenue recognition				
At a point in time	93,391	87,011	170,729	152,069

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For the period ended June 30, 2023

18 Administrative, selling and distribution expenses

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Staff salaries and benefits	11,761	10,981	22,096	20,542
Depreciation of right-of-use assets	2,484	2,561	5,048	4,843
Commercial vehicle expenses	2,718	3,291	5,215	5,602
Utilities	1,545	1,447	2,784	2,462
Depreciation of property, plant and equipment	737	680	1,475	1,323
Rent and taxes	652	320	888	476
Legal & Professional fees	460	517	856	849
Advertisement and other selling expenses	64	36	118	106
Others	1,875	1,846	3,554	3,157
	<u>22,296</u>	<u>21,679</u>	<u>42,034</u>	<u>39,360</u>

Commercial vehicle expenses include operating lease rentals of AED 0.036 million for the three-month period ended June 30, 2023 and AED 0.054 million for the six month period ended June 30, 2023 (three month period ended AED 0.035 million and six month period ended AED 0.093 million).

19 Finance costs, net

	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	AED'000	AED'000	AED'000	AED'000
Finance cost on term loans	262	447	572	847
Finance cost on lease liabilities	471	515	968	1,016
Finance cost on trust receipts	1,425	669	2,654	1,194
Bank charges	281	270	593	571
Finance cost on bank overdrafts	154	102	313	194
Bank facility charges	64	50	119	119
Interest income on fixed deposits	(52)	(53)	(72)	(104)
	<u>2,605</u>	<u>2,000</u>	<u>5,147</u>	<u>3,837</u>

Unikai Foods (P.J.S.C.) and its subsidiary
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20 Earnings per share

	Three-month period ended June 30,		Six-month period ended June 30,	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net profit for the period (AED'000)	7,987	4,921	8,529	5387
Weighted average number of shares (in '000)	32,368	32,368	32,368	32,368
Basic and diluted earnings per share (AED)	0.25	0.15	0.26	0.17

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

21 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 consolidated statement of financial position, interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income and notes to the interim 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 six-month period ended June 30, 2023, there were no customers of the Group with revenue greater than 10% of the total revenue of the Group (six-month period ended June 30, 2022: None).

22 Fair value measurements

Assets and liabilities measured at fair value in the interim condensed consolidated statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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Notes to the interim condensed consolidated financial statements (continued)
For the period ended June 30, 2023

22 Fair value measurements (continued)

As at June 30, 2023 and December 31, 2022, the Group held the following financial instruments and investment properties measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
At June 30, 2023 (Unaudited)			
Financial assets			
Financial assets at fair value through profit or loss	-	-	18,622
Non-financial assets			
Investment properties	-	-	42,313
At December 31, 2022 (Audited)			
Financial assets			
Financial assets at fair value through profit or loss	-	-	18,634
Non-financial assets			
Investment properties	-	-	42,313

23 Corporate Tax in the UAE

On December 9, 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from June 1, 2023 and accordingly, it has an income tax related impact on the interim condensed consolidated financial statements for accounting periods beginning on or after June 1, 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 - Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities.

The Group will be subject to taxation commencing January 1, 2024. Management is in the process of assessing the deferred tax implication on the Group. In addition, certain other cabinet decisions are pending as on the date of these interim condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalised and published.

24 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 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.