

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

Condensed consolidated interim financial
statements

31 March 2017

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

Condensed consolidated interim financial statements

31 March 2017

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

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

Introduction

We have reviewed the accompanying 31 March 2017 condensed consolidated interim financial statements of Unikai Foods (P.J.S.C.) ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise:

- the condensed consolidated income statement for the three month period ended 31 March 2017;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2017;
- the condensed consolidated statement of financial position as at 31 March 2017;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2017;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2017; and
- notes to the condensed consolidated interim financial statements.

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



Unikai Foods (P.J.S.C.)
*Independent Auditors' Report on Review of Condensed
Consolidated Interim Financial Statements
31 March 2017*

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 31 March 2017 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland
Registration No.: 1015
Dubai, United Arab Emirates
Date: 09 MAY 2017

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

Condensed consolidated income statement for the three month period ended 31 March 2017 (unaudited)

	Note	Three month period ended 31 March	
		2017 AED 000	2016 AED 000
Revenue		69,615	69,895
Cost of sales	3	(46,313)	(44,143)
Gross profit		23,302	25,752
Administrative and distribution expenses	4	(32,092)	(24,546)
Operating (loss)/profit for the period		(8,790)	1,206
Finance costs		(1,447)	(875)
Other income	5	732	863
(Loss)/profit for the period before tax		(9,505)	1,194
Tax expense		-	(56)
(Loss)/profit for the period		(9,505)	1,138
(Loss)/profit attributable to:			
Owners of the Company		(9,505)	1,138
Earnings per share			
Basic earnings per share (AED)	19	(0.294)	0.035

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of profit or loss and other comprehensive income
for the three month period ended 31 March 2017 (unaudited)

	Three month period ended	
	31 March	
	2017	2016
	AED 000	AED 000
(Loss)/profit for the period	(9,505)	1,138
Other comprehensive income for the period:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available-for-sale investments	2	31
	---	---
Total other comprehensive income for the period	2	31
	---	---
Total comprehensive (expense)/income for the period	(9,503)	1,169
	=====	=====
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(9,503)	1,169
	=====	=====

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of financial position as at 31 March 2017

		31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
	Note			
Non-current assets				
Property, plant and equipment	6	30,973	26,660	22,475
Capital advances		-	4,267	-
Intangible assets		-	-	322
Available-for-sale investments	7	5,905	5,903	5,931
		<u>36,878</u>	<u>36,830</u>	<u>28,728</u>
Current assets				
Inventories	8	49,495	45,397	47,468
Trade and other receivables	9	49,784	43,600	41,719
Due from related parties	16	147	315	-
Cash in hand and at bank	10	9,216	9,476	3,217
Assets held for sale	11	12,069	12,069	13,080
		<u>120,711</u>	<u>110,857</u>	<u>105,484</u>
Total assets		<u>157,589</u>	<u>147,687</u>	<u>134,212</u>
Equity				
Share capital		30,250	30,250	30,250
Bonus shares	12	2,118	-	-
Legal reserve		1,484	1,484	900
Restricted reserve		792	792	792
General reserve	12	-	-	900
(Accumulated losses)/retained earnings	12	(9,320)	6,279	(2,999)
Fair value reserve		59	57	85
		<u>25,383</u>	<u>38,862</u>	<u>29,928</u>
Non-current liability				
Staff terminal benefits		6,565	6,324	6,434
Long term borrowings	13	13,547	9,726	-
		<u>20,112</u>	<u>16,050</u>	<u>6,434</u>
Current liabilities				
Short term borrowings	13	71,067	59,320	58,673
Trade and other payables	14	39,868	30,891	38,504
Due to related parties	16	750	1,965	121
Provision for tax	15	409	599	552
		<u>112,094</u>	<u>92,775</u>	<u>97,850</u>
Total liabilities		<u>132,206</u>	<u>108,825</u>	<u>104,284</u>
Total equity and liabilities		<u>157,589</u>	<u>147,687</u>	<u>134,212</u>

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements was authorized for issue on behalf of the Board of Directors
on 09 MAY 2017

Director

Director

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

Condensed consolidated statement of cash flows for the three month period ended 31 March (unaudited)

	Three month period ended 31 March	
	2017	2016
	AED 000	AED 000
Cash flows from operating activities		
(Loss)/profit for the period before tax	(9,505)	1,194
<i>Adjustments for:</i>		
Depreciation	1,531	1,322
Amortisation of intangible assets	-	139
Finance costs	844	608
Gain on disposal of property, plant and equipment (net)	(1)	(444)
Provision for employee end-of-service benefit	381	405
	-----	-----
Operating (loss)/profit before changes in working capital	(6,750)	3,224
<i>Changes in:</i>		
- inventories	(4,098)	(10,135)
- trade and other receivables	(6,184)	(2,878)
- trade and other payables	5,001	2,971
- due from related parties	168	-
- due to related parties	(1,215)	56
Employee end-of-service benefits paid	(140)	(129)
Taxes paid	(190)	(366)
	-----	-----
Net cash used in operating activities	(13,408)	(7,257)
	-----	-----
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	2	457
Acquisition of property, plant and equipment	(1,578)	(555)
	-----	-----
Net cash used in investing activities	(1,576)	(98)
	-----	-----
Cash flows from financing activities		
Net movement in borrowings	17,018	8,487
Interest paid	(844)	(608)
	-----	-----
Net cash from financing activities	16,174	7,879
	-----	-----
Net increase cash and cash equivalents	1,190	524
Cash and cash equivalents at the beginning of the period	5,357	(3,667)
	-----	-----
Cash and cash equivalents at end of period	6,547	(3,143)
	-----	-----
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	9,216	3,217
Bank overdrafts (note 13)	(2,669)	(6,360)
	-----	-----
	6,547	(3,143)
	=====	=====

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

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

Condensed consolidated statement of changes in equity for the three month period ended 31 March 2017 (unaudited)

	Share capital AED'000	Bonus shares AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Accumulated losses AED'000	Fair value reserve AED'000	Total AED'000
Balance at 1 January 2016	30,250	-	900	792	900	(4,137)	54	28,759
Total comprehensive income for the period	-	-	-	-	-	1,138	-	1,138
Profit for the period	-	-	-	-	-	-	31	31
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	1,138	31	1,169
Balance at 31 March 2016	30,250	-	900	792	900	(2,999)	85	29,928
Balance at 1 January 2017	30,250	-	1,484	792	-	6,279	57	38,862
Total comprehensive income for the period	-	-	-	-	-	(9,505)	-	(9,505)
Loss for the period	-	-	-	-	-	-	2	2
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(9,505)	2	(9,503)
Distribution to owners	-	-	-	-	-	-	-	-
Dividend declared and transferred to other payables (note 12)	-	2,118	-	-	-	(3,025)	-	(3,025)
Bonus shares declared (note 12)	-	-	-	-	-	(2,118)	-	-
Total distribution to owners	-	2,118	-	-	-	(5,143)	-	(3,025)
Other equity movements	-	-	-	-	-	-	-	-
Directors' fee payable (note 12)	-	-	-	-	-	(951)	-	(951)
Total other equity movements	-	-	-	-	-	(951)	-	(951)
Balance at 31 March 2017	30,250	2,118	1,484	792	-	(9,320)	59	25,383

The notes set out on pages 8 to 18 form part of these condensed consolidated interim financial statements.

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

1. Reporting entity

Unikai Foods (P.J.S.C.) ("the Company") is a Public Shareholding Company incorporated on 11 April 1977 by a Decree from His Highness, The Ruler of Dubai. The Company holds 100% equity in Unikai and Company LLC ("the Subsidiary"), registered as a limited liability Company in the Sultanate of Oman under Commercial Register No. 3/74. The Company and its Subsidiary are collectively referred to as "the Group". The legal status of the Subsidiary is set out in note 18. The Company is listed on the Dubai Financial Market.

The Group is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf and other countries. The trading activities of the Group are carried on in the name of "Unikai International". The registered address of the Company is P.O. Box 6424, Dubai, UAE.

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial statements has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

Functional and presentation currency

The condensed consolidated interim financial statements of the Group is presented in UAE Dirhams ("AED"), which is the Company's functional currency, rounded to the nearest thousand. The condensed consolidated interim financial statements have been prepared under the historical cost, except for financial instruments classified as available-for-sale that are stated at fair value.

Accounting estimates and judgments

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

The significant judgments made by the management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

Significant accounting policies

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

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

2. Basis of preparation (continued)

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016. These are disclosed in detail under notes 2 and 3 in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

3. Cost of sales

	Three month period ended 31 March	
	2017 AED 000	2016 AED 000
Manufacturing:		
Raw material, packing materials, stores and spares consumed	28,873	29,196
Utilities	2,257	2,145
Staff salaries and benefits	2,312	1,995
Depreciation	715	591
Write back of provision on utilization of provision for slow moving inventories	(104)	(273)
Other direct costs	1,444	1,162
	<u>35,497</u>	<u>34,816</u>
Changes in inventories of semi-finished and finished goods	471	(1,997)
	<u>(A) 35,968</u>	<u>32,819</u>
Trading:		
Inventories, beginning of the period	7,406	6,618
Purchases (including direct expenses)	9,872	12,112
Inventories, end of the period	(6,933)	(7,406)
	<u>(B) 10,345</u>	<u>11,324</u>
	<u>(A) + (B) 46,313</u>	<u>44,143</u>

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

4. Administrative and distribution expenses

	Three month period ended 31 March	
	2017 AED 000	2016 AED 000
Staff salaries and benefits	12,068	9,821
Advertisement and other selling expenses	6,594	4,511
Commercial vehicle expenses	5,366	4,065
Depreciation	816	731
Amortisation of intangible assets	-	139
Other expenses	7,248	5,279
	<u>32,092</u>	<u>24,546</u>

5. Other income

Other income for the three month period ended 31 March 2017 mainly includes rental income amounting to AED 0.7 million (*three month period ended 31 March 2016: AED 0.28 million*) and gain on disposal of property, plant and equipment (primarily vehicles) amounting to Nil (*three month period ended 31 March 2016: AED 0.44 million*).

6. Property, plant and equipment

Additions and disposals

During the three month period ended 31 March 2017, the Group acquired assets amounting to AED 1.58 million and disposed off assets with a net book value of Nil (*three month period ended 31 March 2016: AED 0.56 million and AED 0.01 million, respectively*).

During 2015, the Directors approved the permanent closure of the Group's Sohar factory in Oman and also decided to dispose off the factory assets. Consequently, assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets.

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

The efforts to sell the remaining assets are ongoing and the sale is expected to be completed in the near future. Also refer note 11.

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

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2017 (unaudited)

7. Available-for-sale investments

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Opening balance	5,903	5,900	5,900
Change in fair value	2	3	31
	-----	-----	-----
Closing balance	<u>5,905</u>	<u>5,903</u>	<u>5,931</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC and Emirates Poultry Company (31 December 2016: AED 5.6 million). Since these investments do not have quoted market price in any active market, the fair value cannot be reliably measured and are stated at cost less impairment losses, if any.

8. Inventories

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Raw materials and packing materials	28,644	24,085	33,826
Semi-finished goods	1,026	992	1,477
Finished goods	9,589	10,094	8,325
Trading goods	6,933	7,559	7,406
Consumables stores and spare parts	6,664	6,471	6,363
	-----	-----	-----
	52,856	49,201	57,397
Less: Provision for slow-moving inventories	(3,444)	(3,863)	(10,081)
	-----	-----	-----
	49,412	45,338	47,316
Goods-in-transit	83	59	152
	-----	-----	-----
	<u>49,495</u>	<u>45,397</u>	<u>47,468</u>

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

9. Trade and other receivables

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Trade receivables	46,145	43,577	41,075
Less: Provision for impairment of trade receivables	(6,795)	(6,795)	(6,495)
	<u>39,350</u>	<u>36,782</u>	<u>34,580</u>
Advances, deposits and prepayments	10,434	6,818	7,139
	<u>49,784</u>	<u>43,600</u>	<u>41,719</u>

10. Cash in hand and at bank

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Cash in hand	812	300	698
Bank balance			
- in current accounts	3,217	3,989	332
- fixed deposits (with an original maturity of 3 months or less)	5,187	5,187	2,187
	<u>9,216</u>	<u>9,476</u>	<u>3,217</u>

11. Assets held for sale

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

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

11. Assets held for sale (continued)

- i) During 2015, the Directors approved the closure of the Group's Sohar factory in Oman and also decided to dispose off the factory assets ("disposal group"). Consequently, assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets.

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

The efforts to sell the remaining assets are ongoing and the sale is expected to be completed in the near future. Also refer note 6.

Measurement of fair value

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

12. (Accumulated losses)/retained earnings

At the Annual General Meeting held on 23 March 2017, the shareholders approved a 10% cash dividend totaling to an amount of AED 3.0 million and the issuance of 7% bonus shares totaling to 2,117,500 shares having par value of AED 1. The dividend payable has been classified under other payables as at 31 March 2017 (refer note 14).

Subsequent to 31 March 2017, dividend has been paid and bonus shares have been issued to the shareholders.

At the Annual General Meeting held on 23 March 2017, the shareholders also approved the directors' fee amounting to AED 0.9 million for the year ended 31 December 2016. Directors' fees is also classified under other payables as at 31 March 2017 (refer note 14).

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

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

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2017 (unaudited)

13. Borrowings

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Long term borrowing:			-
Term loan (refer (i) note below)	26,219	22,062	-
Less: short term portion of term loan	(12,672)	(12,336)	-
	<u>13,547</u>	<u>9,726</u>	<u>-</u>
Short term borrowing:			
Trust receipts	55,726	42,865	39,188
Bank overdrafts	2,669	4,119	6,360
Short term portion of term loan	12,672	12,336	13,125
	<u>71,067</u>	<u>59,320</u>	<u>58,673</u>

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

14. Trade and other payables

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Trade payables	26,946	24,107	25,733
Accruals and others payables	7,998	6,180	12,062
Dividend payable (refer note 12)	3,283	258	258
Advances received from customers	690	346	451
Directors' fee payable (refer note 12)	951	-	-
	<u>39,868</u>	<u>30,891</u>	<u>38,504</u>

15. Provision for taxation

The provision for taxation is in respect of Oman operations. The Subsidiary is liable to income tax in accordance with the income tax laws of the Sultanate of Oman depending on the level of its taxable profit. In the opinion of the management, the provision for taxation of AED 0.41 million as at reporting date is adequate to meet the Group's tax liabilities.

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

16. Related party transactions

Related parties comprise directors, key management personnel and other related parties.

Significant related party transactions during the period were as follows:

	Three month period ended 31 March	
	2017	2016
	AED 000	AED 000
Purchases*	2,190	160
Sales	225	-
	<u> </u>	<u> </u>

Compensation to key management personnel is as follows:

Short term benefits	809	534
Provision towards staff terminal benefits	9	18
	<u> </u>	<u> </u>

- * In the previous period, the Group entered into distributorship agreement with Emirates Refreshment Company PJSC for a one-year term, renewable upon consent of both parties. In order to manage conflict of interests for the finalization of this transaction, a board member who had a conflict, was not involved in the pre-approval process in relation to this transaction. The Group has decided not to renew the agreement upon expiry of this agreement.

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Due from related parties			
- Abjar Group	147	143	-
- United Foods PJSC	-	172	-
	<u>147</u>	<u>315</u>	<u>-</u>
Due to related parties			
- United Cans Company LLC	241	203	37
- United Foods PJSC	108	-	-
- Emirates Refreshment Company PJSC	401	1,762	84
	<u>750</u>	<u>1,965</u>	<u>121</u>
Other payables			
- Key management personnel	70	330	155
	<u> </u>	<u> </u>	<u> </u>

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

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2017 (unaudited)

17. Contingent liabilities and commitments

	31 March 2017 AED 000 (Unaudited)	31 December 2016 AED 000 (Audited)	31 March 2016 AED 000 (Unaudited)
Letter of guarantee	4,058	4,058	4,080
Letters of credit	18,368	16,438	13,452

Legal cases

As at 31 March 2017, the Group have few legal cases outstanding. All legal cases are now pending before the Court for its hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no further provision is required as at 31 March 2017 (31 December 2016: Nil).

Commitments

The capital commitment outstanding as at 31 March 2017 amounting to AED 4.10 million (31 December 2016: AED 5.78 million).

18. Subsidiary

The Company holds 100% of the shares (2% held by Directors for beneficial interest of the Company) of the Subsidiary, registered as a limited liability Company in the Sultanate of Oman under the Oman Commercial Register Law No. 3/74. Principal activity of the Subsidiary is trading in dairy, juice, ice cream and other food products.

19. Basic earnings per share

	Three months period ended 31 March	
	2017	2016
(Loss)/ profit attributable to owners of the Company (AED'000)	(9,505)	1,138
Weighted average number of shares outstanding (AED'000)*	32,368	32,368
Basic earnings per share in AED	(0.294)	0.035

* Weighted average number of shares outstanding for the three month periods ended 31 March 2017 and 31 March 2016 have been retrospectively adjusted to include the 7% bonus shares approved in the shareholders' Annual General Meeting (AGM) held on 23 March 2017.

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

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2017 (unaudited)

20. Segmental reporting

The Group operates in the single reporting segment of diary, juice, ice cream, and other food products. All the relevant information relating to this reporting/operating segment is disclosed in the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income and notes to the condensed consolidated interim financial statements.

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

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

Major customers

During the three-months period ended 31 March 2017, 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 2016: Nil*)

21. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2016.

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

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

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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21. Financial instruments (continued)

Valuation of financial instruments (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

31 March 2017	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>328</u>	<u>-</u>	<u>5,577</u>	<u>5,905</u>
31 December 2016	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>326</u>	<u>-</u>	<u>5,577</u>	<u>5,903</u>

During the period ended 31 March 2017 and year ended 31 December 2016, there were no transfers between the various levels of fair value measurements.

22. Seasonality

Due to seasonal nature of the business of the Group, the results of operations of certain quarters, which fall in off peak periods may be substantially different from other quarters, which fall in the peak seasons (i.e. during summer season). Therefore, revenue from operations may not be evenly distributed over the four quarters of the same year and thus the results of operations of each quarter may not be comparable to other quarters of the same year.

23. Comparatives

Certain reclassifications were made to prior periods' amount in these condensed consolidated interim financial statements to conform with the current period presentation.

