

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2019

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Unikai Foods (P.J.S.C.) (the "Company") and its subsidiary (collectively referred to as the "Group") which comprise the interim condensed consolidated statement of financial position as at 31 March 2019 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

We draw attention to the fact that the consolidated financial statements of the Group as at and for the year ended 31 December 2018 were audited by another auditor who issued an unmodified audit report on those statements on 10 March 2019. We also draw attention that the interim condensed consolidated financial statements of the Group as at and for the three-month period ended 31 March 2018 were reviewed by another auditor who issued an unmodified review conclusion on those interim condensed consolidated financial statements on 10 May 2018.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

14 May 2019

Dubai, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2019 (Unaudited)

	Notes	Three-month period ended 31 March	
		2019 AED'000	2018 AED'000
Revenue		66,301	72,990
Cost of sales		(45,645)	(59,165)
GROSS PROFIT		20,656	13,825
Administrative, selling and distribution expenses	3	(24,286)	(27,824)
Impairment loss on trade receivables		(154)	(800)
OPERATING LOSS FOR THE PERIOD		(3,784)	(14,799)
Finance costs, net		(2,375)	(2,285)
Loss on fair valuation of investments		(1)	(2)
Other income	4	1,116	813
LOSS FOR THE PERIOD BEFORE TAX		(5,044)	(16,273)
Income tax expense	17	(48)	-
LOSS FOR THE PERIOD		(5,092)	(16,273)
Loss per share in AED	19	(0.157)	(0.503)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

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

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2019 (Unaudited)

	<i>Three-month period ended 31 March</i>	
	<i>2019 AED'000</i>	<i>2018 AED'000</i>
Loss for the period	(5,092)	(16,273)
Other comprehensive income		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of a building	6	-
Total other comprehensive income for the period	-	6,188
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(5,092)	(10,085)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

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

INTERIM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	<i>Notes</i>	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	35,649	35,590
Investment properties	6	30,600	30,600
Right to use assets	7	50,011	-
		<u>116,260</u>	<u>66,190</u>
Current assets			
Inventories	8	34,414	34,170
Trade and other receivables	9	66,048	64,716
Investments at fair value through profit or loss	10	17,299	17,300
Due from a related party	15	211	198
Bank balances and cash	11	12,298	16,673
		<u>130,270</u>	<u>133,057</u>
TOTAL ASSETS		<u><u>246,530</u></u>	<u><u>199,247</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	12	(24,736)	(19,644)
Total equity		<u>16,978</u>	<u>22,070</u>
Non-current liabilities			
Employees' end of service benefits		7,482	7,527
Lease liabilities		39,661	-
		<u>47,143</u>	<u>7,527</u>
Current liabilities			
Borrowings	13	107,649	118,176
Trade and other payables	14	60,470	49,196
Due to related parties	15	946	1,576
Lease liabilities	16	12,594	-
Provision for income tax	17	750	702
		<u>182,409</u>	<u>169,650</u>
Total liabilities		<u>229,552</u>	<u>177,177</u>
TOTAL EQUITY AND LIABILITIES		<u><u>246,530</u></u>	<u><u>199,247</u></u>


Director


Director

14 MAY 2019

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	Restricted reserve AED '000	Revaluation surplus AED '000	Accumulated losses AED '000	Fair value reserve AED '000	Total AED '000
Balance as at 1 January 2019	32,368	2,366	792	6,188	(19,644)	-	22,070
Loss for the period	-	-	-	-	(5,092)	-	(5,092)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(5,092)	-	(5,092)
Balance as at 31 March 2019	32,368	2,366	792	6,188	(24,736)	-	16,978

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	Restricted reserve AED '000	Revaluation surplus AED '000	Retained earnings/ (accumulated losses) AED '000	Fair value reserve AED '000	Total AED '000
Balance as at 1 January 2018 – as previously reported	32,368	2,366	792	-	1,659	(1)	37,184
<i>Adjustment on initial application of IFRS 9:</i>							
Recognition of expected credit losses	-	-	-	-	(7,598)	-	(7,598)
Change in fair value of investments	-	-	-	-	8,291	1	8,292
Total adjustment on initial application of IFRS 9	-	-	-	-	693	1	694
Adjusted balance as at 1 January 2018	32,368	2,366	792	-	2,352	-	37,878
Loss for the period	-	-	-	-	(16,273)	-	(16,273)
Other comprehensive income	-	-	-	6,188	-	-	6,188
Total comprehensive income for the period	-	-	-	6,188	(16,273)	-	(10,085)
Dividends declared and transferred to other payables	-	-	-	-	(1,457)	-	(1,457)
Directors' fee payable	-	-	-	-	(147)	-	(147)
Balance as at 31 March 2018	32,368	2,366	792	6,188	(15,525)	-	26,189

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2019 (Unaudited)

		<i>Three-month period ended 31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Loss for the period		(5,092)	(16,273)
Adjustments for:			
Depreciation	5	1,478	1,250
Depreciation on right to use assets	7	2,515	-
Impairment loss on trade receivables		154	800
Loss on fair valuation of investments		1	2
Gain on disposal of property, plant and equipment		(31)	(2)
Finance costs		2,375	2,285
Provision for employees' end of service benefits		243	370
Tax expense		48	-
		<u>1,691</u>	<u>(11,568)</u>
Working capital changes:			
Inventories		(244)	4,726
Trade and other receivables		(1,754)	(1,991)
Due from a related party		(13)	(34)
Trade and other payables		11,928	(10,888)
Due to related parties		(630)	(207)
		<u>10,978</u>	<u>(19,962)</u>
Cash from/(used in) operations		(288)	(276)
Employees' end of service benefits paid		<u>10,690</u>	<u>(20,238)</u>
Net cash from/(used in) operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(2,197)	(3,487)
Proceeds from disposal of property, plant and equipment		37	38
		<u>(2,160)</u>	<u>(3,449)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Borrowings, net		(9,320)	22,424
Lease liabilities paid		(668)	-
Interest paid		(1,710)	(1,252)
		<u>(11,698)</u>	<u>21,172</u>
Net cash (used in)/from financing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,168)	(2,515)
Cash and cash equivalents at 1 January		1,090	1,357
CASH AND CASH EQUIVALENTS AT 31 MARCH	11	(2,078)	(1,158)

Non-cash transaction

During the period, the group reclassified the provision for depreciation of AED 654 thousand relating to idle machineries from trade and other payables to property, plant and equipment on transfer of such machineries from capital work in progress to respective classification of property, plant and equipment. This being non cash transaction, no reflected above.

The attached notes 1 to 22 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 As at 31 March 2019 (Unaudited)

1 ACTIVITIES

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree issued by His Highness, The Ruler of Dubai. The Company’s equity securities are listed on Dubai Financial Market. The Company holds 100% 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 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.

The interim condensed consolidated financial statements have been approved by the Board of Directors on 14 May 2019.

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

Basis of preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 2019 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 2018.

In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases*. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

The Group has adopted IFRS 16 using the modified retrospective transition approach as of 1 January 2019 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. All right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for prepaid or accrued lease expenses). Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

IFRS 16 Leases (continued)

On adoption of IFRS 16 using the modified retrospective transition approach as of 1 January 2019, as explained above, the Group recognised the following assets and liabilities:

	<i>AED'000</i> <i>(Unaudited)</i>
Right-of-use assets cost (Note 7)	46,330
Leased liabilities recognised (Note 16)	46,062
Adjustment of prepayments	268
	46,330

There was no impact on the statement of equity of the Group as all right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for prepaid or accrued lease expenses).

Following is the impact on the interim condensed consolidated statement of income for the three-month period ended 31 March 2019:

	<i>AED'000</i> <i>(Unaudited)</i>
Depreciation expense on right-of-use assets (under IFRS 16)	(2,515)
Finance costs (under IFRS 16)	(665)
Rental – operating lease (under IAS 17)	2,885
Net impact on profit for the period	(295)

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

2 BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

New standards, interpretations and amendments thereof, adopted by the Group (continued)

IFRS 16 Leases (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the respective lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of certain stores (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office vehicles that are considered of low value (i.e., below AED 18,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three or more years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

3 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>Three-month period ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Staff salaries and benefits	12,008	13,889
Advertisement and other selling expenses	102	459
Commercial vehicle expenses	3,044	7,414
Depreciation	719	767
Depreciation on right to use assets	2,515	-
Others	6,052	5,295
	<u>24,440</u>	<u>27,824</u>

Commercial vehicle expenses include operating lease rentals of AED 1,212 thousand (three months period ended 31 March 2018: 4,009 thousand) for the three months period ended 31 March 2019.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

4 OTHER INCOME

Other income for the three-month period ended 31 March 2019 mainly includes rental income amounting to AED 0.98 million (three-month period ended 31 March 2018: AED 0.7 million).

5 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the three-month period ended 31 March 2019, the Group acquired assets amounting to AED 2.1 million (three-month period ended 31 March 2018: AED 3.5 million). The depreciation expense amounted to AED 1.4 million (three-month period ended 31 March 2018: AED 1.2 million).

6 INVESTMENT PROPERTIES

During the previous year, the Group had reclassified a labor accommodation building from property, plant and equipment to investment property as a result of change in the use of the property. The property has been let to a third party. As at the date of transfer, the fair value of the property was measured and the resulting gain of AED 6.2 million was recognised in other comprehensive income. This has been presented as the revaluation surplus under equity in consolidated statement of financial position.

The fair values of investment properties were determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Income capitalization approach was used by taking into account expected market rental growth, occupancy rate and discount rate. The fair value measurement of buildings of AED 30.6 million has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used. The management believe that there have been no significant change in the carrying value of the investment properties from 31 December 2018 to 31 March 2019.

7 RIGHT-OF-USE ASSETS

	<i>AED'000</i> <i>(Unaudited)</i>
At 1 January 2019 (Note 2)	46,330
Additions during the year	6,196
Less: depreciation for the period	<u>(2,515)</u>
At 31 March 2019	<u><u>50,011</u></u>

The Group has lease contracts for various items of land, buildings and motor vehicles. Before the adoption of IFRS 16, the Group classified each of its said leases (as lessee) at the inception date as operating leases. In an operating lease, the leased items were not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

8 INVENTORIES

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Raw materials and packing materials	15,599	15,259
Semi-finished goods	1,392	1,706
Finished goods	7,725	6,771
Trading goods	4,580	5,166
Consumable stores and spare parts	6,240	6,556
	<u>35,536</u>	<u>35,458</u>
Less: Provision for slow-moving inventories	(1,232)	(1,288)
	<u>34,304</u>	<u>34,170</u>
Goods-in-transit	110	-
	<u>34,414</u>	<u>34,170</u>

9 TRADE AND OTHER RECEIVABLES

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Trade receivables	76,478	88,869
Less: allowance for expected credit losses	(17,128)	(28,434)
	<u>59,350</u>	<u>60,435</u>
Advances, deposits and prepayments	6,698	4,281
	<u>66,048</u>	<u>64,716</u>

During the period ended 31 March 2019, the Group written off trade receivables of AED 11,460 thousand (for the year ended 31 December 2018: Nil) against allowance for expected credit losses.

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Opening balance	17,300	5,595
<i>Adjustment on initial application of IFRS 9 recorded in equity:</i>		
Change in fair value	-	8,292
<i>Included in profit or loss:</i>		
Change in fair value	(1)	3,413
Closing balance	<u>17,299</u>	<u>17,300</u>

When measuring the fair value of investments, the Group uses 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. Refer to note 21 for disclosure on fair value hierarchy of investments.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

11 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Cash in hand	598	591
Bank balances	11,700	16,082
	<u>12,298</u>	<u>16,673</u>
Bank overdrafts (note 13)	(14,376)	(15,583)
	<u>(2,078)</u>	<u>1,090</u>
Cash and cash equivalents	<u>(2,078)</u>	<u>1,090</u>

Bank balances include fixed deposits having an original maturity of less than three months and carry interest at normal commercial rates.

12 ACCUMULATED LOSSES

Dividend declared

At the Annual General Meeting held on 22 March 2018, the shareholders approved a 4.5% cash dividend totaling to an amount of AED 1.5 million. The dividend payable was classified under other payables as at 31 March 2018 which was subsequently paid.

At the Annual General Meeting held on 24 April 2019, no dividend was approved for the year ended 31 December 2018.

Directors' fee

At the Annual General Meeting held on 22 March 2018, the shareholders also approved the directors' fee amounting to AED 0.15 million for the year ended 31 December 2017. The director's fee payable was classified under other payables as at 31 March 2018, which was subsequently paid.

At the Annual General Meeting held on 24 April 2019, no directors' fee was approved.

13 BORROWINGS

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Trust receipts	37,142	56,340
Term loan	56,131	46,253
Bank overdrafts (note 11)	14,376	15,583
	<u>107,649</u>	<u>118,176</u>

Disclosed in the statement of financial position as follows:

Current	107,649	118,176
Non-current	-	-
	<u>107,649</u>	<u>118,176</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

13 BORROWINGS (continued)

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

ii) Bank borrowings are also subject to certain financial covenants including minimum tangible worth of AED 35 million, current ratio of 1.25, leverage ratio not to exceed 3:5, debt to EBITDA not to exceed 4.25 and debt to equity of 3.5. Testing for compliance with the above financial covenants is done annually on 31 December. As at 31 December 2018, the Group had not complied with the financial covenants as specified in the facility letters with the banks. Based on the relationship with the creditor banks, the Group's management has confirmed that the 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

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Trade payables	49,126	35,751
Accruals and other payables	11,088	12,869
Dividends payable	255	256
Advances received from customers	-	320
	<u>60,470</u>	<u>49,196</u>

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent 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.

a) Significant transactions with related parties:

Significant transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<i>Three-month period ended 31 March</i>	
	<i>2019 AED'000 (Unaudited)</i>	<i>2018 AED'000 (Unaudited)</i>
Other related parties:		
Sales	<u>204</u>	<u>230</u>
Purchases	<u>884</u>	<u>287</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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 31 March</i>	
	<i>2019 AED'000 (Unaudited)</i>	<i>2018 AED'000 (Unaudited)</i>
Short-term benefits	886	924
End of service benefits	17	17
	<u>903</u>	<u>941</u>

b) Due from a related party:

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
<i>Other related party:</i>		
Abjar Group	211	198

b) Due to related parties:

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Innovations Group	812	1,307
United Foods PJSC	134	269
	<u>946</u>	<u>1,576</u>

c) Other payables:

	<i>31 March 2019 AED'000 (Unaudited)</i>	<i>31 December 2018 AED'000 (Audited)</i>
Key management personnel	382	479

16 LEASED LIABILITIES

	<i>AED (Unaudited)</i>
At 1 January 2019 (Note 2)	46,962
Additions during the year	6,196
Add: finance cost	665
Less: payments during the period, net of prepayments and accruals adjustment	(668)
At 31 March 2019	<u>52,255</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

16 LEASED LIABILITIES (continued)

Presented on consolidated statement of financial position as follows:

	<i>AED</i> <i>(Unaudited)</i>
Current	12,594
Non-current	39,661
At 31 March 2019	<u>52,255</u>

17 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. In the opinion of the management the provision for taxation of AED 0.8 million (31 December 2018: AED 0.7 million) as at reporting date is adequate to meet the Group's tax liabilities.

18 CONTINGENCIES AND COMMITMENTS

	<i>31 March</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Letters of credit	<u>13,709</u>	<u>7,041</u>
Letters of guarantee	<u>4,058</u>	<u>4,058</u>

Capital commitments

The capital commitments outstanding as at 31 March 2019 amount to AED 9.8 million (31 December 2018: AED 9.35 million) representing costs to be incurred towards construction of warehouses and cooling system for the plant.

Legal cases

As at 31 March 2019, the Group has few outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no additional provision is required as at 31 March 2019 (31 December 2018: AED Nil).

19 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the loss for the period amounting to AED 5.09 million (31 March 2018: AED 16.27 million) by the weighted average number of shares outstanding during the period ended 31 March 2019 of 32,368,000 shares (period ended 31 March 2018: 32,368,000 shares).

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

20 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 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:

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As at 31 March 2019 (Unaudited)

20 SEGMENTAL REPORTING (continued)

Major customers

During the three-month period ended 31 March 2019, 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 2018: None)

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade and other receivables, due from a related party and investments at fair value through profit and loss. Financial liabilities consist of borrowings, trade and other payables and due to related parties.

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

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2019, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>31 March 2019 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Investments at FVTPL (Unaudited)	<u>17,299</u>	<u>11</u>	<u>-</u>	<u>17,288</u>
	<i>31 December 2018 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Investments at FVTPL (Audited)	<u>17,300</u>	<u>12</u>	<u>-</u>	<u>17,288</u>

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 COMPARATIVE INFORMATION

The management of the group has made certain reclassification in the comparatives to align those with current year presentation.