

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

31 MARCH 2022

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 2022, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

13 May 2022

Dubai, United Arab Emirates

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three-month period ended 31 March 2022 (Unaudited)

	<i>Notes</i>	<i>Three-month period ended 31 March</i>	
		<i>2022 AED'000</i>	<i>2021 AED'000</i>
Revenue		65,058	51,184
Cost of sales		(46,202)	(33,861)
Gross Profit		18,856	17,323
Administrative, selling and distribution expenses	3	(17,681)	(16,257)
Impairment loss on trade receivables		-	(45)
Operating profit for the period		1,175	1,021
Finance costs, net		(1,837)	(1,603)
Loss on fair valuation of an investment property	6	-	(425)
Gain on fair valuation of investment through profit or loss	10	159	-
Other income	4	849	463
Profit/(loss) for the period before tax		346	(544)
Tax credit/(expense)	16	120	(12)
Profit/(loss) for the period		466	(556)
Profit/(loss) attributable to:			
Owners of the Company		466	(556)
Earnings per share			
Profit/(loss) per share-basic (AED)	18	0.014	(0.017)

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2022 (Unaudited)

	<i>Three-month period ended 31 March</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Profit/(loss) for the period	466	(556)
Other comprehensive income for the period	-	-
Total comprehensive profit/(loss) for the period	466	(556)
Total comprehensive profit/ (loss) attributable to: Owners of the Company	466	(556)

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

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


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,021	33,491
Investment properties	6	39,746	39,746
Right-of-use assets	7	36,591	34,924
Deferred tax asset	16	1,214	1,094
		<u>110,572</u>	<u>109,255</u>
Current assets			
Inventories	8	39,630	27,750
Trade and other receivables	9	58,890	51,795
Investments at fair value through profit or loss	10	16,090	15,931
Bank balances and cash	11	11,688	11,359
		<u>126,298</u>	<u>106,835</u>
TOTAL ASSETS		<u><u>236,870</u></u>	<u><u>216,090</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		2,366	2,366
Restricted reserve		792	792
Revaluation surplus		6,646	6,646
Accumulated losses		(4,473)	(4,939)
Total equity		<u>37,699</u>	<u>37,233</u>
Non-current liabilities			
Employees' end of service benefits		7,020	6,892
Lease liabilities	15	31,577	26,386
Long-term borrowings	12	9,240	15,990
		<u>47,837</u>	<u>49,268</u>
Current liabilities			
Short-term borrowings	12	78,645	58,251
Trade and other payables	13	62,081	56,688
Lease liabilities	15	9,953	13,995
Provision for income tax	16	655	655
		<u>151,334</u>	<u>129,589</u>
Total liabilities		<u>199,171</u>	<u>178,857</u>
TOTAL EQUITY AND LIABILITIES		<u><u>236,870</u></u>	<u><u>216,090</u></u>


Director

13 MAY 2022


Director

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2022 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Restricted reserve AED'000</i>	<i>Revaluation surplus AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
Balance as at 1 January 2022	32,368	2,366	792	6,646	(4,939)	37,233
Profit for the period	-	-	-	-	466	466
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	466	466
Balance as at 31 March 2022	32,368	2,366	792	6,646	(4,473)	37,699
	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>Restricted reserve AED'000</i>	<i>Revaluation surplus AED'000</i>	<i>Accumulated losses AED'000</i>	<i>Total AED'000</i>
Balance as at 1 January 2021	32,368	2,366	792	6,188	(15,559)	26,155
Loss for the period	-	-	-	-	(556)	(556)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(556)	(556)
Balance as at 31 March 2021	32,368	2,366	792	6,188	(16,115)	25,599

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2022 (Unaudited)

		<i>Three-month period ended 31 March</i>	
		<u>2022</u>	<u>2021</u>
		<i>AED'000</i>	<i>AED'000</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Profit /(loss) for the period before tax		346	(544)
Adjustments for:			
Depreciation	5	1,191	1,191
Depreciation on right-of-use assets	7	2,281	2,258
Expected credit losses on trade receivables		-	45
Loss on fair valuation of an investment property		-	425
Gain on investment at fair value through profit or loss		(159)	-
Gain on disposal of property, plant and equipment		(3)	-
Finance costs		1,837	1,603
Provision for employees' end of service benefits		345	216
		<u>5,838</u>	<u>5,194</u>
Working capital changes:			
Inventories		(11,880)	(3,316)
Trade and other receivables		(7,095)	(933)
Due from a related party		-	268
Trade and other payables		5,393	4,615
Due to related parties		-	(531)
		<u>(7,744)</u>	<u>5,297</u>
Net cash (used in)/generated from operations			
Employees' end of service benefits paid		(217)	(260)
Income tax paid		-	(124)
		<u>(7,961)</u>	<u>4,913</u>
Net cash (used in)/generated from operating activities			
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(722)	(682)
Disposal of property, plant and equipment		4	-
		<u>(718)</u>	<u>(682)</u>
Net cash used in investing activities			
FINANCING ACTIVITIES			
Borrowings, net		11,545	(3,084)
Lease liabilities paid	15	(3,301)	(2,120)
Interest paid		(1,335)	(1,050)
Fixed deposits		-	302
		<u>6,909</u>	<u>(5,952)</u>
Net cash generated from/(used in) financing activities			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,770)	(1,721)
Cash and cash equivalents at 1 January		<u>(6,767)</u>	<u>(4,343)</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	11	<u>(8,537)</u>	<u>(6,064)</u>

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

1 ACTIVITIES

Unikai Foods (P.J.S.C.) (the “Company”) is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree issued by His Highness, The Ruler of Dubai. The Company’s equity securities are listed on Dubai Financial Market. The Company holds 100% of the equity of Unikai and Company LLC (the “Subsidiary”), registered as a limited liability company in the Sultanate of Oman under Commercial Register No. 3/74. The principal activity of the Subsidiary is trading in dairy, juice, ice cream and other food products. The Company together with the Subsidiary is 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 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 13 May 2021.

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

Basis of preparation

The interim condensed consolidated financial statements for the three months period ended 31 March 2022 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 and for the year ended 31 December 2021.

In addition, results for the three months period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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

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

Going concern

As of 31 March 2022, the Group has accumulated losses of AED 4,473 thousand, and its current liabilities exceeded its current assets by AED 25,036 thousand. Notwithstanding these facts, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis as the directors and management of the Group believes that the future operations of the Group will generate sufficient profits and cashflows to meet its financial obligations as they fall due.

New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022, which has no significant effect on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

3 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>Three-month period ended 31 March</i>	
	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>
Staff salaries and benefits	9,483	8,774
Depreciation on right-of-use assets	2,281	2,258
Commercial vehicle expenses	2,311	1,814
Depreciation	644	632
Advertisement and other selling expenses	69	72
Others	2,893	2,707
	17,681	16,257

Commercial vehicle expenses include operating lease rentals of AED 58 thousand (three-month period ended 31 March 2021: AED 109 thousand).

4 OTHER INCOME

Other income for the three-month period ended 31 March 2022 (unaudited) mainly includes rental income amounting to AED 0.63 million (three-month period ended 31 March 2021 (unaudited): AED 0.39 million).

5 PROPERTY, PLANT AND EQUIPMENT

Additions

During the three-month period ended 31 March 2022 (unaudited), the Group acquired assets amounting to AED 0.72 million (three-month period ended 31 March 2021 (unaudited): AED 0.68 million). The depreciation expense amounted to AED 1.2 million (unaudited) (three-month period ended 31 March 2021 (unaudited): AED 1.2 million).

6 INVESTMENT PROPERTIES

Investment properties comprise a labour accommodation, a warehouse and a right-of-use of land that are leased to third parties under operating lease arrangement. The fair value of investment properties was determined by an external, independent property valuer as at 31 December 2021 (audited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Based on the market assessment and available comparable market data as at 31 March 2022, the management believe that there have been no significant changes in the fair value of the warehouse and labor accommodation from 31 December 2021 to 31 March 2022, and therefore no further revaluation exercise has been undertaken as at 31 March 2022 (unaudited) (from 31 December 2020 to 31 March 2021 (unaudited): recognised fair value loss of AED 425 thousand).

The fair value measurement of investment properties of AED 39.75 million (unaudited) (2021 (audited): 39.75 million) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

7 RIGHT-OF-USE ASSETS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
At 1 January	34,924	42,174
Additions during the period / year	3,948	4,185
Less: Reclassification to investment property	-	(1,931)
Less: amortisation for the period / year	(2,281)	(9,390)
Less: retirements during the period / year	-	(114)
	<u>36,591</u>	<u>34,924</u>

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

8 INVENTORIES

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Raw materials and packing materials	17,732	12,108
Semi-finished goods	1,773	615
Finished goods	7,143	6,148
Trading goods	3,622	2,677
Consumable stores and spare parts	6,288	6,212
	<u>36,558</u>	<u>27,760</u>
Less: Provision for slow-moving inventories	(1,653)	(1,402)
	<u>34,905</u>	<u>26,358</u>
Goods-in-transit	4,725	1,392
	<u>39,630</u>	<u>27,750</u>

9 TRADE AND OTHER RECEIVABLES

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Trade receivables	70,004	66,078
Less: allowance for expected credit losses	(23,542)	(23,542)
	<u>46,462</u>	<u>42,536</u>
Prepayments	4,579	3,040
Advances to suppliers	5,006	3,317
Other receivables	2,843	2,902
	<u>58,890</u>	<u>51,795</u>

During the period ended 31 March 2022, the Group did not write off any trade receivables (for the year ended 31 December 2021: Nil) against allowance for expected credit losses.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Balance at the beginning of the period/year	15,931	15,773
<i>Included in profit or loss:</i>		
Change in fair value for the period/year	159	158
Balance at the end of period/year	<u>16,090</u>	<u>15,931</u>

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

At 31 December 2021, the fair value of the investment was determined by the management using capitalization of future maintainable earnings of the investee using a market valuation multiple. Valuation multiple is based on market expectations after considering conditions including the economy in general and the business and industry of the investee in particular, using market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques.

For the period ended 31 March 2022, the change in fair value of the investment was estimated by the management using comparable market data. The management has assessed the value of shares considering the impact of current global pandemic and market situation and using market observable data as far as possible.

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 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Cash in hand	902	979
Bank balances	10,786	10,380
	<u>11,688</u>	<u>11,359</u>
Less: Bank overdrafts (note 12)	(10,011)	(7,912)
Less: Fixed deposits	(10,214)	(10,214)
Cash and cash equivalents	<u>(8,537)</u>	<u>(6,767)</u>

Bank balances include fixed deposits of AED 10,214 thousand (31 December 2021: AED 10,214 thousand) having an original maturity of one year and carry interest at normal commercial rates.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

12 BORROWINGS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Long term borrowings:		
Term loan	35,272	41,465
Less: short term portion of term loan	<u>(26,032)</u>	<u>(25,475)</u>
Long term portion of term loan	<u><u>9,240</u></u>	<u><u>15,990</u></u>
Short term borrowings:		
Trust receipts	42,602	24,864
Current portion of term loan	26,032	25,475
Bank overdrafts (note 11)	<u>10,011</u>	<u>7,912</u>
	<u><u>78,645</u></u>	<u><u>58,251</u></u>

- i) During prior year, the Group converted the outstanding balance of invoice discounted of AED 25 million into term loan repayable over 25 installments commenced in June 2021, as first 12 monthly installments of AED 750 thousand each, then 12 monthly installments of AED 1,250 thousand each and final installment of AED 1,000 thousand. The loan carries interest of 4.5% per annum over 3 months EIBOR with minimum 6% per annum payable monthly.
- ii) Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.

13 TRADE AND OTHER PAYABLES

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Trade payables	51,750	44,640
Accruals and other payables	8,167	8,959
Advances received	1,660	2,753
VAT payable	419	251
Dividends payable	<u>85</u>	<u>85</u>
	<u><u>62,081</u></u>	<u><u>56,688</u></u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

14 RELATED PARTY TRANSACTIONS AND BALANCES

a) Compensation of key management personnel

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

	<i>Three-month period ended 31 March</i>	
	<i>2022 AED'000 (Unaudited)</i>	<i>2021 AED'000 (Unaudited)</i>
Short-term benefits	634	357
End of service benefits	79	18
	713	375

Short term benefits include bonus of AED 202,915 for the year ending 31 December 2022.

b) Other payables:

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Key management personnel	822	706

15 LEASE LIABILITIES

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
At 1 January	40,381	45,994
Additions during the period/year	3,948	4,185
Add: finance cost	502	2,111
Less: payments during the period/year	(3,301)	(11,792)
Less: retirements during the period/year	-	(117)
	41,530	40,381

Presented as follows:

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Current	9,953	13,995
Non-current	31,577	26,386
Total	41,530	40,381

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

16 PROVISION FOR INCOME TAX

The provision for taxation is in respect of the Group's operations carried out by a subsidiary in the Sultanate of Oman ("Oman"). The Subsidiary is liable to income tax in accordance with the income tax laws of the Oman depending on the level of its taxable profit. The subsidiary incurred tax losses for the three-month period ended 31 March 2022 (for the three-month period ended 31 March 2021 (unaudited): incurred tax losses) and therefore no current tax charges have been recognized (unaudited) (three-month period ended 31 March 2021(unaudited): Nil) for the period as per applicable tax laws in Oman.

In the opinion of the Group's management the provision for taxation of AED 655 thousand (unaudited) (31 December 2021(audited): AED 655 thousand) as at reporting date is adequate to meet the Group's tax liabilities.

Deferred tax asset of AED 1,214 thousand as of 31 March 2022 (unaudited) (31 December 2021(audited): AED 1,094 thousand), relate to unused carried forward tax losses and other temporary timing differences of AED 7,233 thousand (31 December 2021(audited): relate to unused carried forward tax losses and other temporary differences of AED 7,293 thousand), at the prevailing tax rate based on the management's assessment to utilize against expected tax profits in following years. The tax credit of AED 120 thousand (for the three-month period ended 31 March 2021 (unaudited): tax expense of AED 12 thousand) relating to movement in temporary timing differences for the three month-period ended 31 March 2022 (unaudited) and deferred tax on carried forward losses is recognised in the interim condensed consolidated statement of income.

17 CONTINGENCIES AND COMMITMENTS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Letters of credit	<u>97</u>	<u>-</u>
Letters of guarantee	<u>1,598</u>	<u>1,598</u>

Capital commitments

The capital commitments outstanding as at 31 March 2022 (unaudited) amount to AED 2.56 million (31 December 2021 (audited): AED 4.32 million) representing costs to be incurred towards construction of warehouses and cooling system for the plant.

Legal cases

As at 31 March 2022 (unaudited), the Group has few outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The Group's management has reviewed the status of all of these legal cases and believes that no additional provision is required as at 31 March 2022 (unaudited) (31 December 2021(audited): Nil).

18 EARNINGS PER SHARE (UNAUDITED)

Basic earnings per share are calculated by dividing the profit amounting to AED 466 thousand (for the three-month period ended 31 March 2021: a loss of AED 556 thousand) for the three-month period ended 31 March 2022, by the weighted average number of shares outstanding during the three-month period ended 31 March 2022 of 32,368,000 shares (three-month period ended 31 March 2021: 32,368,000 shares).

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022 (Unaudited)

19 SEGMENTAL REPORTING

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

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

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

Major customers

During the three-month period ended 31 March 2022 (unaudited), 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 2021 (unaudited): None).

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

Fair value hierarchy

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

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

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

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

As at 31 March 2022 and 31 December 2021, the Group held the following financial instruments and investment properties measured at fair value:

Assets measured at fair value

	<i>31 March 2022 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>16,090</u>	<u>-</u>	<u>-</u>	<u>16,090</u>
Investment properties (Unaudited)	<u>39,746</u>	<u>-</u>	<u>-</u>	<u>39,746</u>
	<i>31 December 2021 AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
Investments at fair value through profit or loss (Audited)	<u>15,931</u>	<u>-</u>	<u>-</u>	<u>15,931</u>
Investment properties (Audited)	<u>39,746</u>	<u>-</u>	<u>-</u>	<u>39,746</u>

21 SEASONALITY

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