

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

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**

30 JUNE 2022



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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Unikai Foods (P.J.S.C.) (the “Company”) and its subsidiary (collectively referred to as the “Group”) which comprise the interim condensed consolidated statement of financial position as at 30 June 2022, and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income for the three-month and six-month periods then ended, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-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

11 August 2022

Dubai, United Arab Emirates

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three-month and six-month period ended 30 June 2022 (Unaudited)

	Notes	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
		<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Revenue	3	87,011	70,605	152,069	121,789
Cost of sales		(59,005)	(43,545)	(105,207)	(77,406)
Gross profit		28,006	27,060	46,862	44,383
Administrative, selling and distribution expenses	4	(21,679)	(19,157)	(39,360)	(35,414)
Writeback of operating accruals		-	1,393	-	1,393
Impairment loss on trade receivables		(1,440)	(92)	(1,440)	(137)
Operating profit for the period		4,887	9,204	6,062	10,225
Finance costs, net		(2,000)	(2,606)	(3,837)	(4,209)
Loss on fair valuation of investment properties		-	(1,500)	-	(1,925)
Gain on fair valuation of investment through profit or loss	10	1,370	-	1,529	-
Other income		956	687	1,805	1,150
Profit for the period before tax		5,213	5,785	5,559	5,241
Tax expense, net		(292)	(915)	(172)	(927)
Profit for the period		4,921	4,870	5,387	4,314
Profit attributable to:					
Owners of the Group		4,921	4,870	5,387	4,314
Earnings per share					
Profit per share-basic (AED)	17	0.15	0.15	0.17	0.13

The attached notes 1 to 20 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 and six-month period ended 30 June 2022 (Unaudited)

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Profit for the period	4,921	4,870	5,387	4,314
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	4,921	4,870	5,387	4,314
Total comprehensive income attributable to:				
Owners of the Group	4,921	4,870	5,387	4,314

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	32,900	33,491
Investment properties	6	39,746	39,746
Right-of-use assets	7	35,393	34,924
Deferred tax asset	15	1,234	1,094
		<u>109,273</u>	<u>109,255</u>
Current assets			
Inventories	8	34,212	27,750
Trade and other receivables	9	62,486	51,795
Investments at fair value through profit or loss	10	17,460	15,931
Bank balances and cash	11	13,455	11,359
		<u>127,613</u>	<u>106,835</u>
TOTAL ASSETS		<u><u>236,886</u></u>	<u><u>216,090</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		32,368	32,368
Statutory reserve		3,158	3,158
Revaluation surplus		6,646	6,646
Accumulated losses		(452)	(4,939)
Total equity		<u>41,720</u>	<u>37,233</u>
Non-current liabilities			
Employees' end of service benefits		7,350	6,892
Lease liabilities	7	29,754	26,386
Long-term borrowings	12	-	15,990
		<u>37,104</u>	<u>49,268</u>
Current liabilities			
Short-term borrowings	12	82,669	58,251
Trade and other payables	13	62,995	56,688
Lease liabilities	7	12,085	13,995
Provision for income tax	15	313	655
		<u>158,062</u>	<u>129,589</u>
Total liabilities		<u>195,166</u>	<u>178,857</u>
TOTAL EQUITY AND LIABILITIES		<u><u>236,886</u></u>	<u><u>216,090</u></u>

Director

11 AUG 2022

Director

The attached notes 1 to 20 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 six-month period ended 30 June 2022 (Unaudited)

	<i>Share capital AED'000</i>	<i>Statutory 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 (Audited)	32,368	3,158	6,646	(4,939)	37,233
Total comprehensive income for the period (Unaudited)	-	-	-	5,387	5,387
Less: Directors remuneration (Unaudited)	-	-	-	(900)	(900)
Balance as at 30 June 2022 (Unaudited)	32,368	3,158	6,646	(452)	41,720
	<i>Share capital AED'000</i>	<i>Statutory 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 (Audited)	32,368	3,158	6,188	(15,559)	26,155
Total comprehensive income for the period (Unaudited)	-	-	-	4,314	4,314
Balance as at 30 June 2021 (Unaudited)	32,368	3,158	6,188	(11,245)	30,469

The attached notes 1 to 20 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 six-month period ended 30 June 2022 (Unaudited)

		<i>Six-month period ended 30 June (Unaudited)</i>	
		<u>2022</u>	<u>2021</u>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES			
Profit for the period before tax		5,559	5,241
Adjustments for:			
Depreciation	5	2,426	2,423
Amortisation on right-of-use assets	7	4,843	4,558
Expected credit losses on trade receivables		1,440	137
Loss on fair valuation of an investment properties		-	1,925
Gain on fair valuation of investment through profit or loss		(1,529)	-
Gain on disposal of property, plant and equipment		(16)	(26)
Finance costs		3,837	4,209
Provision for employees' end of service benefits		872	502
		<u>17,432</u>	<u>18,969</u>
Working capital changes:			
Inventories		(6,462)	(3,146)
Trade and other receivables		(12,131)	(9,849)
Due from a related party		-	268
Trade and other payables		6,306	11,125
Due to related parties		-	(531)
		<u>5,145</u>	<u>16,836</u>
Net cash flows generated from operations		5,145	16,836
Employees' end of service benefits paid		(414)	(352)
Director remuneration paid		(900)	-
Income tax paid		(655)	(124)
		<u>3,176</u>	<u>16,360</u>
Net cash flows generated from operating activities		3,176	16,360
INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(1,843)	(1,294)
Disposal of property, plant and equipment		25	30
		<u>(1,818)</u>	<u>(1,264)</u>
Net cash flows used in investing activities		(1,818)	(1,264)
FINANCING ACTIVITIES			
Borrowings, net		6,074	(8,241)
Interest paid		(2,820)	(3,128)
Fixed deposits		-	302
Lease liabilities paid	7	(4,870)	(5,545)
		<u>(1,616)</u>	<u>(16,612)</u>
Net cash flows used in financing activities		(1,616)	(16,612)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(258)	(1,516)
Cash and cash equivalents at 1 January		<u>(6,767)</u>	<u>(4,343)</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	11	<u>(7,025)</u>	<u>(5,859)</u>

The attached notes 1 to 20 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

For the six-month period ended 30 June 2022 (Unaudited)

1 CORPORATE INFORMATION

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 11 August 2022.

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

Basis of preparation

The interim condensed consolidated financial statements for the six-month period ended 30 June 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 consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at and for the year ended 31 December 2021.

In addition, results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

These interim condensed consolidated 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 interim condensed consolidated 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 at 30 June 2022, the Group current liabilities exceeded its current assets by AED 30,449 thousand. Notwithstanding these facts, the interim condensed consolidated financial statements of the Group have been prepared on a going concern basis as the Board of 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 consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards with effect from 1 January 2022 which had 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

For the six-month period ended 30 June 2022 (Unaudited)

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Sale of goods	87,011	70,605	152,069	121,789
<i>Geographical market</i>				
United Arab Emirates	45,446	34,633	81,964	60,006
Oman	38,011	33,555	62,706	56,952
Others	3,554	2,417	7,399	4,831
	87,011	70,605	152,069	121,789
<i>Timing of revenue recognition</i>				
At a point in time	87,011	70,605	152,069	121,789

4 ADMINISTRATIVE, SELLING AND DISTRIBUTION EXPENSES

	<i>Three-month period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Staff salaries and benefits	10,917	10,147	20,403	18,921
Commercial vehicle expenses	3,291	2,264	5,602	4,078
Amortisation on right to use of assets	2,561	2,300	4,843	4,558
Depreciation	680	668	1,323	1,300
Advertisement and other selling expenses	36	32	106	104
Other	4,194	3,746	7,083	6,453
	21,679	19,157	39,360	35,414

Commercial vehicle expenses include operating lease rentals of AED 35 thousand for three-month period ended 30 June 2022 and AED 93 thousand for the six-month period ended 30 June 2022 (three-month period ended 30 June 2021: AED 132 thousand and six-month period ended 30 June 2021: AED 241 thousand).

5 PROPERTY, PLANT AND EQUIPMENT

Additions

During the six-month period ended 30 June 2022 (unaudited), the Group acquired assets amounting to AED 1.8 million (six-month period ended 30 June 2021 (unaudited): AED 1.3 million). The depreciation expense the six-month period ended 30 June 2022 amounted to AED 2.4 million (unaudited) (six-month period ended 30 June 2021 (unaudited): AED 2.4 million).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022 (Unaudited)

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 experience of valuing properties in the location and category of the property being valued.

Based on the market assessment and available comparable market data as at 30 June 2022, the management believe that there have been no significant changes in the fair value of the warehouse and labor accommodation since 31 December 2021, and therefore no further revaluation exercise has been undertaken as at 30 June 2022 (unaudited) (from 31 December 2020 to 30 June 2021 (unaudited): recognised fair value loss of AED 1,925 thousand).

Measurement of fair value

Fair value hierarchy

The fair value measurement of investment properties as at 30 June 2022 (unaudited) is AED 39.7 million (2021 (audited): AED 39.7 million) which has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

7 LEASES

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

Right-of-use assets

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
At 1 January	34,924	42,174
Additions during the period / year	5,312	4,185
Less: Reclassification to investment property	-	(1,931)
Less: amortisation for the period / year	(4,843)	(9,390)
Less: retirements during the period / year	-	(114)
	<hr/>	<hr/>
At the end of the period / year	35,393	34,924
	<hr/> <hr/>	<hr/> <hr/>

Lease liabilities

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)
At 1 January	40,381	45,994
Additions during the period/year	5,312	4,186
Add: finance costs	1,016	2,110
Less: payments during the period/year	(4,870)	(11,792)
Less: retirements during the period/year	-	(117)
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	41,839	40,381
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Unikai Foods (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022 (Unaudited)

7 LEASES (continued)

Presented as follows:

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Current	12,085	13,995
Non-current	29,754	26,386
Total	41,839	40,381

8 INVENTORIES

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Raw materials and packing materials	15,983	12,108
Semi-finished goods	1,490	615
Finished goods	6,564	6,148
Trading goods	4,342	2,677
Consumable stores and spare parts	6,305	6,212
	34,684	27,760
Less: Provision for slow-moving inventories	(2,006)	(1,402)
	32,678	26,358
Goods-in-transit	1,534	1,392
	34,212	27,750

9 TRADE AND OTHER RECEIVABLES

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Trade receivables	77,841	66,078
Less: allowance for expected credit losses	(24,982)	(23,542)
	52,859	42,536
Prepayments	3,798	3,040
Advances to suppliers	2,628	3,317
Other receivables	3,201	2,902
	62,486	51,795

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022 (Unaudited)

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>30 June 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 during the period/year	1,529	158
Balance at the end of period / year	<u>17,460</u>	<u>15,931</u>

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

As at 30 June 2022 (unaudited) and 31 December 2021 (audited), the change in fair value of the investment was estimated by the management using comparable market data.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in valuation techniques. The fair value measurement of investments has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

11 BANK BALANCES AND CASH

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

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Cash in hand	2,409	979
Bank balances and fixed deposits	11,046	10,380
	<u>13,455</u>	<u>11,359</u>
Less: Bank overdrafts (note 12)	(10,266)	(7,912)
Less: Fixed deposits	(10,214)	(10,214)
Cash and cash equivalents	<u>(7,025)</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

For the six-month period ended 30 June 2022 (Unaudited)

12 BORROWINGS

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Long term borrowings:		
Term loan	-	41,465
Less: short term portion of term loan	-	(25,475)
	<u>-</u>	<u>(25,475)</u>
Long term portion of term loan	-	15,990
	<u>-</u>	<u>15,990</u>
Short term borrowings:		
Trust receipts	41,881	24,864
Current portion of term loan	30,522	25,475
Bank overdrafts (note 11)	10,266	7,912
	<u>82,669</u>	<u>58,251</u>

- i) During the prior year, the Group converted the outstanding balance of invoices discounted of AED 25 million into a term loan repayable over 25 installments which commenced in June 2021, as an initial 12 monthly installments of AED 750 thousand each, then 12 monthly instalment of AED 1,250 thousand each and a 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.
- ii) Bank borrowings are secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.

13 TRADE AND OTHER PAYABLES

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Trade payables	50,790	44,640
Accruals and other payables	10,146	8,959
Advances received	1,426	2,753
VAT payable	548	251
Dividends payable	85	85
	<u>62,995</u>	<u>56,688</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 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 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Short term benefits	424	463	1,058	820
End of service benefits	22	17	101	35
	446	480	1,159	855

Short term benefits include bonus of AED 203 thousand for the six-month period ended 30 June 2022 (unaudited) (six-month period ended 30 June 2021 (unaudited): AED 113 thousand).

b) Other payables:

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Key management personnel	844	706

15 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 Oman depending on the level of its taxable profit. The subsidiary has recognised income tax expense of AED 172 thousand for the six-month period ended 30 June 2022 (unaudited) (six-month period ended 30 June 2021: AED 927 thousand (unaudited)) as per applicable tax laws in Oman.

In the opinion of the Group's management the provision for taxation of AED 313 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 1,234 thousand as at 30 June 2022 (unaudited) (31 December 2021 (audited): AED 1,094 thousand) relate to unused carried forward tax losses and other temporary timing differences of AED 8,227 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 utilise against expected tax profits in following years. The tax credit of AED 120 thousand (for the six-month period ended 30 June 2021 (unaudited): tax expense of AED 12 thousand) relating to movement in temporary timing differences for the six month-period ended 30 June 2022 (unaudited) and deferred tax on carried forward losses is recognised in the interim condensed consolidated statement of income.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022 (Unaudited)

16 CONTINGENCIES AND COMMITMENTS

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>
Letters of credit	<u>844</u>	<u>-</u>
Letters of guarantee	<u>1,598</u>	<u>1,598</u>

Capital commitments

The capital commitments outstanding as at 30 June 2022 (unaudited) amount to AED 3.48 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 30 June 2022 (unaudited), the Group has few outstanding legal cases. All these cases are pending before the Court for the hearings and final decisions. The management has reviewed the status of all of these legal cases and believes that no additional provision is required as at 30 June 2022 (unaudited) (31 December 2021(audited): Nil).

17 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the period by the weighted average number of shares outstanding during the period.

	<i>Three-months period ended 30 June (Unaudited)</i>		<i>Six-month period ended 30 June (Unaudited)</i>	
	<i>2022 AED</i>	<i>2021 AED</i>	<i>2022 AED</i>	<i>2021 AED</i>
Profit for the period (in AED'000)	4,921	4,870	5,387	4,314
Weighted average number of shares (share)	<u>32,367,500</u>	<u>32,367,500</u>	<u>32,367,500</u>	<u>32,367,500</u>
Basic earnings per share	<u>0.15</u>	<u>0.15</u>	<u>0.17</u>	<u>0.13</u>

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

18 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.

The Board of Directors are the Chief Operating Decision Maker (CODM) and monitor the operating results of the segment for the purpose of making decisions about performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements. The entity wide disclosures as required by IFRS 8 on information about products and geographical areas is reflected in note 3 of these interim condensed consolidated financial statements.

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

Major customers:

During the six-month period ended 30 June 2022 (unaudited), there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (six-month period ended 30 June 2021 (unaudited): None).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2022 (Unaudited)

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of 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. As at 31 December 2021, the long term borrowings carry interest at variable rates which gets rebased at regular intervals.

Fair value hierarchy

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

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

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

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

As at 30 June 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>AED'000</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>
30 June 2022 (Unaudited)				
Investments at FVTPL	17,460	-	-	17,460
Investment properties	39,746	-	-	39,746
31 December 2021 (Audited)				
Investments at FVTPL	15,931	-	-	15,931
Investment properties	39,746	-	-	39,746

20 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 year.