



**UNITED KAIPARA DAIRIES COMPANY (P.S.C.)  
AND ITS SUBSIDIARY**

**Condensed consolidated interim financial information**

**31 March 2015**

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## Condensed consolidated interim financial information

31 March 2015

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## **Independent auditors' report on review of condensed consolidated interim financial information**

The Shareholders  
United Kaipara Dairies Company (P.S.C.)

### **Introduction**

We have reviewed the accompanying 31 March 2015 condensed consolidated interim financial information of United Kaipara Dairies Company (P.S.C.) ("the Company") and its subsidiary ("the Subsidiary") (collectively referred to as "the Group"), which comprises:

- the condensed consolidated income statement for the three month period ended 31 March 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2015;
- the condensed consolidated statement of financial position as at 31 March 2015;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2015;
- notes to the interim financial information.

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

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial 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.

## **Independent auditors' report on review of condensed consolidated interim financial information (continued)**

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### **Matter of emphasis**

Without qualifying our conclusion above, we draw attention to:

- (i) Note 2 to the condensed consolidated financial information which states that this condensed consolidated interim financial information has been prepared on a going concern basis notwithstanding the fact that the Group incurred a net loss of AED 0.5 million for the three month period ended 31 March 2015 and has accumulated losses of AED 16.1 million and net current liabilities of AED 23.2 million at that date. However, in accordance with Article 285 of the UAE Federal Law No. 8 of 1984 (as amended), the shareholders have, at an extra ordinary general meeting held on 25 March 2015, agreed to continue the operations of the Group. The Group has also initiated steps to reorganize the business including seeking additional financing from banks to remedy the situation.
- (ii) Note 13 to the condensed consolidated financial information which states that the bank borrowings are subject to certain financial covenants. As at 31 March 2015, the Group has not complied with these financial covenants as specified in the facility letters agreed with the banks. These are revolving facilities and are current in nature and hence management is of the view that such facilities will be renewed and hence will not have a significant impact on the operations.

### **Other matter**

The condensed consolidated interim financial information of the Group for the three month period ended 31 March 2014 was reviewed by another auditor, whose report dated 12 June 2014 expressed an unqualified review conclusion. Furthermore, the consolidated financial statements of the Group for the year ended 31 December 2014 were audited by another auditor, whose report dated 2 March 2015 expressed an unqualified opinion on those statements.



Muhammad Tariq  
Registration No: 793  
Dubai, United Arab Emirates

03 MAY 2015



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Note	Three-month period ended 31 March	
		2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<b>Revenue</b>		68,244	76,311
Cost of sales	3	(45,798)	(62,116)
<b>Gross profit</b>		22,446	14,195
Administrative and distribution expenses	4	(25,501)	(28,140)
Finance costs		(699)	(509)
Other income	5	3,345	749
<b>Loss for the period before tax</b>		(409)	(13,705)
Tax expense		(57)	(57)
<b>Loss for the period</b>		(466)	(13,762)
<b>Loss attributable to:</b>			
Owners of the Company		(466)	(13,762)
<b>Earnings per share</b>			
Basic earnings per share in AED	20	(0.015)	(0.454)

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

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Three-month period ended 31 March	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
Loss for the period	(466)	(13,762)
<b>Other comprehensive income:</b> <i>Items that may be reclassified subsequently to profit or loss:</i>		
Net change in fair value of available- for-sale investments	(125)	237
Other comprehensive (expense)/ income for the period	(125)	237
<b>Total comprehensive loss for the period</b>	<b>(591)</b>	<b>(13,525)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(591)	(13,525)

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

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

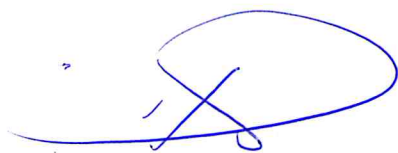
## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

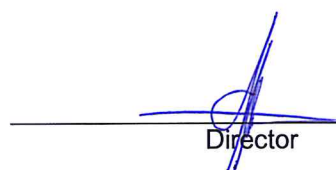
	Note	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	38,859	41,056	54,289
Intangible assets		873	1,011	1,426
Available-for-sale investments	7	5,970	6,095	6,445
		<u>45,702</u>	<u>48,162</u>	<u>62,160</u>
<b>Current assets</b>				
Inventories	8	32,273	34,668	51,485
Trade and other receivables	9	39,050	29,884	54,450
Cash in hand and at bank	10	1,397	1,638	1,857
Assets held for sale	11	1,720	1,720	-
		<u>74,440</u>	<u>67,910</u>	<u>107,792</u>
<b>Total assets</b>		<u>120,142</u>	<u>116,072</u>	<u>169,952</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		30,250	30,250	30,250
Legal reserve	12	-	13,965	13,965
Restricted reserve		576	576	576
General reserve	12	-	83,300	83,300
Fixed assets replacement reserve	12	-	15,000	15,000
Accumulated losses	12	(16,058)	(127,857)	(75,803)
Fair value reserve		124	249	599
		<u>14,892</u>	<u>15,483</u>	<u>67,887</u>
<b>Non-current liability</b>				
Employee end-of-service benefits		7,573	7,829	8,428
<b>Current liabilities</b>				
Short term borrowings	13	45,828	47,910	44,204
Trade and other payables	14	51,158	44,115	48,869
Provision for tax	15	691	735	564
		<u>97,677</u>	<u>92,760</u>	<u>93,637</u>
<b>Total liabilities</b>		<u>105,250</u>	<u>100,589</u>	<u>102,065</u>
<b>Total equity and liabilities</b>		<u>120,142</u>	<u>116,072</u>	<u>169,952</u>

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

This condensed consolidated interim financial information was approved and authorised for issue on behalf of the Board of Directors on 3 May 2015.



Director



Director



**UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015**

	Three-month period ended 31 March	
	2015 AED '000 (Unaudited)	2014 AED '000 (Unaudited)
<b>Cash flows from operating activities</b>		
Loss for the period before tax	(409)	(13,705)
<i>Adjustments for:</i>		
Depreciation	1,706	2,846
Amortisation of intangible assets	138	136
Finance costs	699	509
Provision for slow moving inventories	250	138
Gain on disposal of property, plant and equipment (net)	(2,701)	(173)
Provision for employee end-of-service benefits	277	476
	<u>(40)</u>	<u>(9,773)</u>
Changes in:		
- inventories	2,145	4,856
- trade and other receivables	(9,166)	(6,672)
- trade and other payables	7,043	7,849
Employee end-of service benefits paid	(533)	(388)
Taxes paid	(101)	-
Net cash used in operating activities	<u>(652)</u>	<u>(4,128)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	3,244	173
Acquisition of property, plant and equipment	(52)	(1,476)
Net cash from/ (used in) investing activities	<u>3,192</u>	<u>(1,303)</u>
<b>Cash flows from financing activities</b>		
(Repayments of)/ additions to short term borrowings (net)	(1,898)	9,350
Interest paid	(699)	(509)
Dividend paid	-	(10)
Net cash (used in)/ from financing activities	<u>(2,597)</u>	<u>8,831</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(57)</u>	<u>3,400</u>
Cash and cash equivalents at the beginning of the period	(17,824)	(21,881)
<b>Cash and cash equivalents at end of period</b>	<u>(17,881)</u>	<u>(18,481)</u>
<b>Cash and cash equivalents comprise:</b>		
Cash in hand and at bank (note 10)	1,397	1,857
Bank overdrafts (note 13)	(19,278)	(20,338)
	<u>(17,881)</u>	<u>(18,481)</u>

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



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	Share capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Fixed assets replacement reserve AED'000	(Accumulated losses) AED'000	Fair value reserve AED'000	Total AED'000
Balance at 1 January 2014 (Audited)	30,250	13,965	576	83,300	15,000	(62,041)	362	81,412
Total comprehensive income for the period (unaudited)								
- Loss for the period	-	-	-	-	-	(13,762)	-	(13,762)
- Net change in fair value of available-for-sale investments	-	-	-	-	-	-	237	237
Total comprehensive income for the period	-	-	-	-	-	(13,762)	237	(13,525)
Balance at 31 March 2014 (Unaudited)	30,250	13,965	576	83,300	15,000	(75,803)	599	67,887
Balance at 1 January 2015 (Audited)	30,250	13,965	576	83,300	15,000	(127,857)	249	15,483
Total comprehensive income for the period (unaudited)								
- Loss for the period	-	-	-	-	-	(466)	-	(466)
- Net change in fair value of available-for-sale investments	-	-	-	-	-	-	(125)	(125)
Total comprehensive income for the period	-	-	-	-	-	(466)	(125)	(591)
Other equity movements								
Transfers to accumulated losses (refer note 12)	-	(13,965)	-	(83,300)	(15,000)	112,265	-	-
Balance at 31 March 2015 (Unaudited)	30,250	-	576	-	-	(16,058)	124	14,892

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

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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### 1. REPORTING ENTITY

United Kaipara Dairies Company (P.S.C.) ("the Company") is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree from His Highness, The Ruler of Dubai. On 8 June 1994, the Company amended its status to a public shareholding company as per the provisions of the UAE Federal Law No. 8 of 1984 (as amended). The Company holds 100% equity in Unikai and Company LLC ("the Subsidiary"), registered as a limited liability company in the Sultanate of Oman under the Oman Commercial Register No. 3/74. The Company and its Subsidiary are collectively referred to as "the Group". The legal status of the Subsidiary is set out in note 19. The Company is listed on the Dubai Financial Market.

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

### 2. BASIS OF PREPARATION

#### STATEMENT OF COMPLIANCE

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

#### GOING CONCERN

This condensed consolidated interim financial information has been prepared on a going concern basis notwithstanding the fact that the Group incurred a net loss of AED 0.5 million for the three month period ended 31 March 2015 and has accumulated losses of AED 16.1 million and net current liabilities of AED 23.2 million at that date. However, in accordance with Article 285 of the UAE Federal Law No. 8 of 1984 (as amended), the shareholders have, at an extra ordinary general meeting held on 25 March 2015, agreed to continue the operations of the Group. The Group has also initiated steps to reorganize the business including seeking additional financing from banks, to remedy the situation. These are disclosed in detail under note 3 in the Group's consolidated financial statements as at and for the year ended 31 December 2014.



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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### 2 BASIS OF PREPARATION (CONTINUED)

#### FUNCTIONAL AND PRESENTATION CURRENCY

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

#### ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

#### SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2014. Certain comparative amounts have been regrouped and/or reclassified to conform to the current period's presentation.

#### *Financial assets and liabilities*

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014. These are disclosed in detail under notes 4 and 5 in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

		Three-month period ended 31 March	
		2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
3.	<b>COST OF SALES</b>		
	<b>Manufacturing:</b>		
	Raw material, packing materials and stores & spares consumed	29,073	40,051
	Staff salaries and benefits	2,250	2,485
	Utilities	1,996	1,518
	Depreciation	898	1,713
	Other direct costs	1,575	3,268
		<u>35,792</u>	<u>49,035</u>
	Changes in inventories of semi-finished and finished goods	(493)	(1,725)
	(A)	<u>35,299</u>	<u>47,310</u>
	<b>Trading:</b>		
	Inventories, beginning of the period	7,872	5,880
	Purchases (including direct expenses)	9,339	14,862
	Inventories, end of the period	(6,712)	(5,936)
	(B)	<u>10,499</u>	<u>14,806</u>
	(A)+(B)	<u>45,798</u>	<u>62,116</u>
		Three-month period ended 31 March	
		2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
4.	<b>ADMINISTRATIVE AND DISTRIBUTION EXPENSES</b>		
	Staff salaries and benefits	10,117	12,198
	Advertisement and other selling expenses	4,713	4,503
	Commercial vehicle expenses	3,593	4,818
	Depreciation	808	1,133
	Amortisation of intangible assets	138	136
	Provision for slow moving inventories	250	138
	Others	5,882	5,214
		<u>25,501</u>	<u>28,140</u>



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

### 5. OTHER INCOME

Other income for the three month period ended 31 March 2015 mainly includes gain on disposal of property, plant and equipment (primarily vehicles) amounting to AED 2.7 million (*three month period ended 31 March 2014 AED 0.17 million*).

### 6. PROPERTY, PLANT AND EQUIPMENT

#### Additions and disposals (Unaudited)

During the three-month period ended 31 March 2015, the Group acquired assets amounting AED 0.05 million and disposed off assets with a net book value of AED 0.54 million (*three-month period ended 31 March 2014: AED 1.5 million and AED 0.1 million respectively*).

### 7. AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
Opening balance	6,095	6,208	6,208
Change in fair value	(125)	(113)	237
Closing balance	<u>5,970</u>	<u>6,095</u>	<u>6,445</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (*31 December 2014: AED 5.6 million*). Since the investments in Rawabi Emirates PJSC do not have a quoted market price in any active market, the fair value cannot be reliably measured and are stated at cost less impairment losses, if any.

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
<b>8. INVENTORIES</b>			
Raw materials and packing materials	25,022	26,716	28,031
Semi-finished goods	1,556	935	2,439
Finished goods	7,430	7,558	7,968
Trading goods	6,712	7,872	5,936
Consumable stores and spare parts	8,030	7,971	9,264
	<u>48,750</u>	<u>51,052</u>	<u>53,638</u>
Less: provision for slow-moving inventories	<u>(17,765)</u>	<u>(17,515)</u>	<u>(5,224)</u>
	<u>30,985</u>	<u>33,537</u>	<u>48,414</u>
Goods-in-transit	1,288	1,131	3,071
	<u>32,273</u>	<u>34,668</u>	<u>51,485</u>
<b>9. TRADE AND OTHER RECEIVABLES</b>			
Trade receivables	38,505	31,999	51,022
Less: provision for impairment of trade receivables	<u>(7,587)</u>	<u>(7,587)</u>	<u>(4,589)</u>
	<u>30,918</u>	<u>24,412</u>	<u>46,433</u>
Advances, deposits and prepayments	8,132	5,472	8,017
	<u>39,050</u>	<u>29,884</u>	<u>54,450</u>
<b>10. CASH IN HAND AND AT BANK</b>			
Cash on hand	265	497	431
Bank balance in current accounts	1,132	1,141	1,426
	<u>1,397</u>	<u>1,638</u>	<u>1,857</u>

### 11. ASSETS HELD FOR SALE

During the previous year the directors resolved to dispose of the transportation equipment of the Sohar operations of the subsidiary ('disposal group'). The efforts to sell the disposal group are ongoing and the sale is expected to complete within 2015.

### 12. ACCUMULATED LOSSES

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved to transfer general reserve and fixed assets replacement reserve amounting to AED 83.3 million and AED 15 million, respectively, to accumulated losses. Furthermore, the shareholders have also approved the transfer of statutory reserve amounting to AED 14 million to accumulated losses. Accordingly, the Group has transferred these reserves to accumulated losses as at 31 March 2015.

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
<b>13. SHORT TERM BORROWINGS</b>			
Bank overdrafts	19,278	19,462	20,338
Trust receipts	26,550	28,448	23,866
	<u>45,828</u>	<u>47,910</u>	<u>44,204</u>

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

Bank borrowings are subject certain financial covenants including minimum tangible net worth of AED 120 million, leverage ratio not to exceed 2 and minimum current ratio of 1:1. However as at the reporting date, the Group has not complied with financial covenants above as specified in the facility letters with the bank. These are revolving facilities and are current in nature and hence management is of the view that such facilities will be renewed and hence will not have a significant impact on the operations.

<b>14. TRADE AND OTHER PAYABLES</b>			
Trade payables	33,786	28,900	38,096
Advance received from customers	273	169	470
Accruals and other payables	17,099	15,046	10,303
	<u>51,158</u>	<u>44,115</u>	<u>48,869</u>



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

### 15. PROVISION FOR TAX

Provision for taxation is in respect of Oman operations. The Subsidiary is liable to income tax in accordance with the income tax laws of the Sultanate of Oman depending on the level of its taxable profit. In the opinion of the management, provision for taxation of AED 0.69 million as at the reporting date is adequate to meet its tax liabilities.

### 16. RELATED PARTY TRANSACTIONS AND BALANCES

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

At the reporting date significant transactions and balances with related parties were as follows:

	Three-month period ended 31 March	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<b>Purchases from a related party</b>		
- United Cans Company LLC	37	72
<b>Compensation to key management personnel</b>		
- Staff salaries and benefits (including end-of service benefits)	383	450

At the reporting date the balances with related parties were as below:

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
<b>Trade and other payables</b>			
- Key management personnel	45	166	114
- United Cans Company LLC	31	33	77
	<u>76</u>	<u>199</u>	<u>191</u>



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)	31 March 2014 AED'000 (Unaudited)
<b>17. CAPITAL COMMITMENTS</b>			
For acquisition, construction or enhancement of property, plant and equipment	-	-	3,134
<b>18. CONTINGENT LIABILITIES</b>			
Guarantees	4,080	4,400	4,800
Unutilized balances of commercial letters of credit	13,427	4,106	11,916

### Legal cases

There are a few legal cases against the Group by ex-employees, as well as counter cases by the Group against ex-employees. All these cases are now pending before the Court for its hearings and final decisions. The management has reviewed the status of all of these legal cases and is carrying a provision of AED 0.8 million against the same at 31 March 2015 (31 December 2014: AED 0.8 million). Management, based on their review have concluded that this provision is sufficient to cover any future losses on account of these legal cases.

### 19. SUBSIDIARY

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

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

### 20. BASIC EARNINGS PER SHARE IN AED

	Three-month period ended 31 March	
	2015 (Unaudited)	2014 (Unaudited)
Net loss attributable to owners (AED'000)	(466)	(13,762)
Weighted average number of shares outstanding (in '000) (refer note 24 (i))	30,250	30,250
Basic earnings per share in AED	(0.015)	(0.454)

### 21. SEGMENTAL REPORTING

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

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

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

#### *Major customers*

During the three-month period ended 31 March 2015, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group (*three-month period ended 31 March 2014: Nil*).

# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

### 22. FINANCIAL INSTRUMENTS

#### FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

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

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

#### VALUATION OF FINANCIAL INSTRUMENTS

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

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

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

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

As at 31 March 2015, the Group held the following financial instruments measured at fair value:

	31 March 2015 AED'000 (Unaudited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Available-for-sale investments	5,970	393	-	5,577

As at 31 December 2014, the Group held the following financial instruments measured at fair value:

	31 December 2014 AED'000 (Audited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Available-for-sale investments	6,095	518	-	5,577

During the period ended 31 March 2015 and year ended 31 March 2014, there were no transfers between the various levels of fair value measurements.



# UNITED KAIPARA DAIRIES COMPANY (P.S.C.) AND ITS SUBSIDIARY

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2015

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### 23. SEASONALITY OF THE BUSINESS IMPACTING THE RESULTS FOR THE THREE-MONTH PERIOD

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 season (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 the other quarters of the same year.

### 24. OTHER MATTERS

- i) At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the split of nominal value of share from AED 100 per share to AED 1 share. Share split has become effective from 1 April 2015. Accordingly, weighted average number of shares outstanding has been retrospectively adjusted to include share split approved in the aforesaid AGM for the purpose of calculation of earnings per share. Also refer note 20.
- ii) At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the change in the name of the Company from its existing name ("Unikai Kaipara Dairies") to "Unikai Foods". As at the period end, the management was in the process of registration of the new name with the regulatory authorities.