



**UNITED KAIPARA DAIRIES COMPANY (PSC)
AND ITS SUBSIDIARY**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
PERIOD ENDED 31 MARCH 2013**

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION PERIOD ENDED 31 MARCH 2013

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**REPORT ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION TO THE SHAREHOLDERS OF
UNITED KAIPARA DAIRIES COMPANY (PSC)**

Introduction

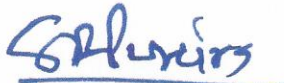
We have reviewed the accompanying condensed consolidated interim financial information of **UNITED KAIPARA DAIRIES COMPANY (PSC)** ("the Company") and its subsidiary **UNITED AND COMPANY LLC** ("the Subsidiary") (collectively referred to as "the Group"), which comprise the consolidated interim statement of financial position as at 31 March 2013 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flows for the three-month period then ended, and a summary of significant policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). 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 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.



S.D. Pereira

Partner

Registration No. 552

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11 May 2013

Dubai, United Arab Emirates

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013

	Note	Three-month period ended 31 March 2013 AED '000 (Unaudited)	Three-month period ended 31 March 2012 AED '000 (Unaudited)
Revenue		64,503	62,716
Cost of sales	4	<u>(40,895)</u>	<u>(46,744)</u>
Gross profit		23,608	15,972
Administrative and general expenses	5	(30,293)	(25,745)
Finance costs		(109)	--
Other income		<u>492</u>	<u>412</u>
Loss before tax		(6,302)	(9,361)
Provision for tax		<u>(57)</u>	<u>(48)</u>
Loss after tax		<u>(6,359)</u>	<u>(9,409)</u>
Earnings per share			
Basic earnings per share in AED		<u>(21)</u>	<u>(31)</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.
The review report of the independent auditor is set forth on page 1.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013

	Three-month period ended 31 March 2013 AED '000 (Unaudited)	Three-month period ended 31 March 2012 AED '000 (Unaudited)
Loss for the period after tax	(6,359)	(9,409)
Other comprehensive income		
Net change in fair value of available-for-sale investments	12	79
Total comprehensive income for the period	(6,347)	(9,330)

The accompanying notes form an integral part of this condensed consolidated interim financial information.
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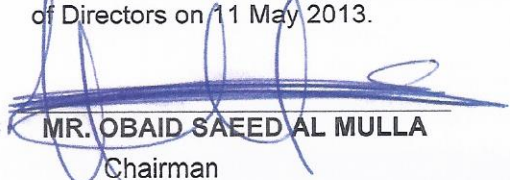
UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Note	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)	31 March 2012 AED '000 (Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	6	62,125	62,925	65,628
Intangible assets		1,975	2,113	--
Available-for-sale investments	7	5,853	5,841	5,873
		<u>69,953</u>	<u>70,879</u>	<u>71,501</u>
Current assets				
Inventories	8	63,271	65,336	51,330
Trade and other receivables	9	49,488	44,745	34,562
Cash and cash equivalents		2,298	2,191	17,141
		<u>115,057</u>	<u>112,272</u>	<u>103,033</u>
Total assets		<u>185,010</u>	<u>183,151</u>	<u>174,534</u>
EQUITY AND LIABILITIES				
Equity funds				
Share capital		30,250	30,250	30,250
Reserves		78,919	85,266	97,538
		<u>109,169</u>	<u>115,516</u>	<u>127,788</u>
Non-current liabilities				
Employees end-of-service benefits		9,088	8,751	10,844
Current liabilities				
Bank borrowings	10	19,294	19,909	--
Trade and other payables	11	47,123	38,696	34,293
Due to related parties	12	--	--	1,559
Provision for taxation	13	336	279	50
		<u>66,753</u>	<u>58,884</u>	<u>35,902</u>
Total liabilities		<u>75,841</u>	<u>67,635</u>	<u>46,746</u>
Total equity and liabilities		<u>185,010</u>	<u>183,151</u>	<u>174,534</u>

The accompanying notes form an integral part of this condensed consolidated interim financial information.
The review report of the independent auditor is set forth on page 1.

This condensed consolidated interim financial information was authorised for issue on behalf of the Board of Directors on 11 May 2013.


MR. OBAID SAEED AL MULLA
Chairman


MR. SUPRIO CHAKRABORTHY
Chief Financial Officer

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	Share capital	Legal reserve	Restricted reserve	General Reserve	Fixed assets replacement reserve	Retained earnings	Fair value reserve	Total
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
At 1 January 2012 (Audited)	30,250	13,965	576	83,300	15,000	(5,921)	(52)	137,118
Comprehensive income								
Loss	--	--	--	--	--	(9,409)	--	(9,409)
Other comprehensive income								
Net change in fair value of available-for-sale investments	--	--	--	--	--	--	79	79
Total comprehensive income for the period (a+b)	--	--	--	--	--	(9,409)	79	(9,330)
At 31 March 2012 (Unaudited)	30,250	13,965	576	83,300	15,000	(15,330)	27	127,788
At 1 January 2013 (Audited)	30,250	13,965	576	83,300	15,000	(27,570)	(5)	115,516
Comprehensive income								
Loss	--	--	--	--	--	(6,359)	--	(6,359)
Other comprehensive income								
Net change in fair value of available-for-sale investments	--	--	--	--	--	--	12	12
Total comprehensive income for the period (a+b)	--	--	--	--	--	(6,359)	12	(6,347)
At 31 March 2013 (Unaudited)	30,250	13,965	576	83,300	15,000	(33,929)	7	109,169

No allocation of profit has been made to the legal reserve, general reserve and fixed assets replacement reserves for the three-month period ended 31 March 2013 as it would be affected at the year-end.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

The review report of the independent auditor is set forth on page 1.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2013

	Three-month period ended 31 March 2013 AED '000 (Unaudited)	Three-month period ended 31 March 2012 AED '000 (Unaudited)
Cash flows from operating activities		
Loss for the period before tax	(6,302)	(9,361)
Adjustments for:		
Depreciation of property, plant and equipment	2,972	3,262
Amortisation of intangible assets	138	--
Finance costs	109	--
Profit on sale of property, plant and equipment	(477)	(140)
Operating loss before change in operating assets and liabilities	(3,560)	(6,239)
Decrease in inventories	2,065	16,675
(Increase)/decrease in trade and other receivables	(4,743)	7,468
Increase in trade and other payables	8,427	4,914
Increase/(decrease) in staff end-of-service benefits	337	(1,368)
Cash generated from operations	2,526	21,450
Interest paid	(109)	--
Taxes paid	--	(48)
Net cash flow from operating activities	2,417	21,402
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	711	214
Purchase of property, plant and equipment	(2,406)	(643)
Net cash used in investing activities	(1,695)	(429)
Cash flows from financing activities		
Proceeds from trust receipts (net)	1,965	--
Payments of bills acceptance (net)	(361)	--
Decrease in amounts due to related parties	--	(2,402)
Net cash from/(used in) financing activities	1,604	(2,402)
Net increase in cash and cash equivalents	2,326	18,571
Cash and cash equivalents at beginning of year	(13,005)	(1,430)
Cash and cash equivalents at end of year (note 14)	(10,679)	17,141

The accompanying notes form an integral part of this condensed consolidated interim financial information.
The review report of the independent auditor is set forth on page 1.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

1. LEGAL STATUS AND BUSINESS ACTIVITY

United Kaipara Dairies Company (PSC) ("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 to comply with 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 16.

The Group is engaged in the manufacture of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf. 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 AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). The interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2012.

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 for the year ended 31 December 2012.

Further, results for the three-month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

Although the functional currency of the subsidiary is based on the primary economic environment in which it operates, these 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, have been prepared under the historical cost convention, except for financial instruments classified as available-for-sale and stated at fair value.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. 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 as at and for the year ended 31 December 2012.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

	Three-month period ended 31 March 2013 AED '000 (Unaudited)	Three-month period ended 31 March 2012 AED '000 (Unaudited)
4. COST OF SALES		
Materials consumed	42,573	40,353
Depreciation	1,693	1,566
Other direct costs	2,471	1,034
	<u>46,737</u>	<u>42,953</u>
Changes in inventories of semi-finished, finished and trading goods	(5,842)	3,791
	<u>40,895</u>	<u>46,744</u>
5. ADMINISTRATIVE AND GENERAL EXPENSES		
Staff costs	14,849	11,184
Depreciation	1,279	1,696
Amortisation of intangible assets	138	—
Commercial vehicle expenses	3,639	3,798
Utilities	2,584	2,515
Other expenses	7,804	6,552
	<u>30,293</u>	<u>25,745</u>

6. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals (Unaudited)

During the quarter ended 31 March 2013, the Group acquired assets amounting AED 2.4 million (quarter ended 31 March 2012: AED 0.6 million).

7. AVAILABLE-FOR-SALE INVESTMENTS

	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)	31 March 2012 AED '000 (Unaudited)
Opening balance	5,841	5,794	5,794
Gain on fair valuation	12	47	79
Closing balance	<u>5,853</u>	<u>5,841</u>	<u>5,873</u>

These include investment amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (year ended 31 December 2012: AED 5.6 million). Since the investments 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 (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)	31 March 2012 AED '000 (Unaudited)
8. INVENTORIES			
Raw materials and packing materials	35,922	33,731	31,380
Semi-finished goods	1,475	1,145	6,860
Finished goods	9,553	7,108	6,315
Trading stocks	10,549	7,482	5,096
Consumable stores and spare parts	9,291	9,485	9,080
	66,790	58,951	58,731
Less: Provision for slow moving inventory	(6,264)	(6,264)	(8,824)
	60,526	52,687	49,907
Goods-in-transit	2,745	12,649	1,423
	63,271	65,336	51,330
9. TRADE AND OTHER RECEIVABLES			
Trade receivables	47,876	42,620	34,615
Less: Provision for bad and doubtful debts	(4,691)	(4,691)	(4,228)
	43,185	37,929	30,387
Advances, deposits and prepayments	6,303	6,816	4,175
	49,488	44,745	34,562
10. BANK BORROWINGS			
Overdrafts	12,977	15,196	--
Trust receipts	4,994	3,029	--
Acceptances	1,323	1,684	--
	19,294	19,909	--
11. TRADE AND OTHER PAYABLES			
Trade payables	37,287	30,142	21,053
Other payables and accruals	9,836	8,433	13,240
Advance received from customers	--	121	--
	47,123	38,696	34,293

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

	Three-month period ended 31 March 2013 AED '000 (Unaudited)	Twelve-month year ended 31 December 2012 AED '000 (Audited)	Three-month period ended 31 March 2012 AED '000 (Unaudited)
12. RELATED PARTY TRANSACTIONS			
Sales to related parties			
- United Cans Company LLC	--	87	--
Purchases from related parties			
- United Cans Company LLC	28	235	113
Sales of fixed assets			
- United Foods Company PSC	--	270	--
Compensation to key management personnel is as follows:			
Employee benefits (including remuneration)	258	1,400	396
Transfer of provision for staff end-of- service gratuity			
- United Foods Company PSC	--	24	--
Recharge of expenses (net)			
- United Foods Company PSC	--	211	--
	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)	31 March 2012 AED '000 (Unaudited)
Due to related parties			
- United Foods Company PSC	--	--	1,268
- Do Freeze	--	--	97
- United Cans Company LLC	--	--	194
	--	--	1,559

13. PROVISION FOR TAXATION

The provision for taxation is in respect of Oman operations. The subsidiary is liable to income tax in accordance with the income tax laws of the Sultanate of Oman depending on the level of its taxable profit. In the opinion of the management the above provision is adequate to meet the Group's tax liabilities.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 MARCH 2013

	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)	31 March 2012 AED '000 (Unaudited)
14. RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as disclosed in the statement of financial position	2,298	2,191	17,141
Less: Overdrafts (note 10)	(12,977)	(15,196)	--
	<u>(10,679)</u>	<u>(13,005)</u>	<u>17,141</u>
15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS			
Letters of credit	4,416	--	8,829
Bankers' letters of guarantee	4,800	4,821	5,076
Capital commitments	84	84	2,072
16. SUBSIDIARY			
The Company holds 100% of the shares (2% held by Directors for beneficial interest of the Company) of the subsidiary, registered as a limited liability Company in the Sultanate of Oman under the Oman Commercial Register Law No. 3/74. Principal activity of the subsidiary is trading in dairy, juice, ice creams and other food products.			
17. PROPOSED DIVIDEND			
The Board of Directors does not propose any interim dividends for the three-month period ended 31 March 2013 (quarter ended 31 March 2012: AED Nil).			