



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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
PERIOD ENDED 30 JUNE 2013**

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION PERIOD ENDED 30 JUNE 2013

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**INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED
INTERIM 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 **UNIKAI AND COMPANY LLC** ("the Subsidiary") (collectively referred to as "the Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2013 and the related condensed consolidated income statement for three-month and six-month period then ended, statement of comprehensive income for three-month and six-month period then ended, statement of changes in equity and statement of cash flows for the six-month period then ended ("the condensed consolidated interim financial information"), and a summary of significant accounting 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

Dubai, United Arab Emirates

31 July 2013

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2013

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
Revenue		80,898	81,605	145,401	144,321
Cost of sales	4	(56,580)	(48,829)	(97,475)	(95,573)
Gross profit		24,318	32,776	47,926	48,748
Administrative and general expenses	5	(29,637)	(33,695)	(59,930)	(59,440)
Finance costs		(103)	--	(212)	--
Other income		343	1,784	835	2,196
(Loss)/profit before tax		(5,079)	865	(11,381)	(8,496)
Provision for tax		(57)	(57)	(114)	(105)
(Loss)/profit after tax		(5,136)	808	(11,495)	(8,601)
Earnings per share					
Basic earnings per share in AED	18	(17)	3	(38)	(28)

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 30 JUNE 2013

	Three-month period ended 30 June		Six-month period ended 30 June	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
(Loss)/profit for the period	(5,136)	808	(11,495)	(8,601)
Other comprehensive income:				
Net change in fair value of available- for-sale investments	163	(53)	175	26
Total comprehensive income for the period	(4,973)	755	(11,320)	(8,575)

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 FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 June 2012 AED'000 (Unaudited)
ASSETS				
Non-current assets				
Capital advance		--	--	785
Property, plant and equipment	6	59,473	62,925	63,568
Intangible assets		1,837	2,113	--
Available-for-sale investments	7	6,016	5,841	5,820
		<u>67,326</u>	<u>70,879</u>	<u>70,173</u>
Current assets				
Inventories	8	69,111	65,336	59,825
Trade and other receivables	9	60,791	44,745	41,693
Cash and cash equivalents		2,616	2,191	4,668
Other current financial assets	10	48	--	--
		<u>132,566</u>	<u>112,272</u>	<u>106,186</u>
Total assets		<u>199,892</u>	<u>183,151</u>	<u>176,359</u>
EQUITY AND LIABILITIES				
Equity funds				
Share capital		30,250	30,250	30,250
Reserves		73,946	85,266	98,293
		<u>104,196</u>	<u>115,516</u>	<u>128,543</u>
Non-current liabilities				
Employee end-of-service benefits		8,991	8,751	9,535
Current liabilities				
Bank borrowings	11	30,861	19,909	--
Trade and other payables	12	55,451	38,696	36,533
Amounts due to related parties	13	--	--	1,641
Provision for taxation	14	393	279	107
		<u>86,705</u>	<u>58,884</u>	<u>38,281</u>
Total liabilities		<u>95,696</u>	<u>67,635</u>	<u>47,816</u>
Total equity and liabilities		<u>199,892</u>	<u>183,151</u>	<u>176,359</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 31 July 2013.


MR. OBAID SAEED AL MULLA
Chairman


MR. SUPRIO CHAKRABORTY
Chief Financial Officer

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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
Balance at 1 January 2012 (Audited)		30,250	13,965	576	83,300	15,000	(5,921)	(52)	137,118
Comprehensive income									
- Loss	(a)	--	--	--	--	--	(8,601)	--	(8,601)
Other comprehensive income									
- Net change in fair value of available-for-sale investments	(b)	--	--	--	--	--	--	26	26
Total comprehensive income for the period	(a+b)	--	--	--	--	--	(8,601)	26	(8,575)
Balance at 30 June 2012 (Unaudited)		<u>30,250</u>	<u>13,965</u>	<u>576</u>	<u>83,300</u>	<u>15,000</u>	<u>(14,522)</u>	<u>(26)</u>	<u>128,543</u>
Balance at 1 January 2013 (Audited)		30,250	13,965	576	83,300	15,000	(27,570)	(5)	115,516
Comprehensive income									
- Loss for the period	(c)	--	--	--	--	--	(11,495)	--	(11,495)
Other comprehensive income									
- Net change in fair value of available-for-sale investments	(d)	--	--	--	--	--	--	175	175
Total comprehensive income for the period	(c+d)	--	--	--	--	--	(11,495)	175	(11,320)
Balance at 30 June 2013 (Unaudited)		<u>30,250</u>	<u>13,965</u>	<u>576</u>	<u>83,300</u>	<u>15,000</u>	<u>(39,065)</u>	<u>170</u>	<u>104,196</u>

No allocation of profit has been made to the legal reserve, general reserve and fixed assets replacement reserves for the six-month period ended 30 June 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 30 JUNE 2013

	Six-month period ended 30 June 2013 AED '000 (Unaudited)	Six-month period ended 30 June 2012 AED '000 (Unaudited)
Cash flows from operating activities		
Loss for the period before tax	(11,381)	(8,496)
Adjustments for:		
Depreciation of property, plant and equipment	6,035	6,573
Amortisation of intangible assets	276	--
Finance costs	212	--
Profit on disposal of property, plant and equipment	(542)	(1,555)
Operating loss before changes in operating assets and liabilities	(5,400)	(3,478)
(Increase)/decrease in inventories	(3,775)	8,180
(Increase)/decrease in trade and other receivables	(16,046)	337
Increase in trade and other payables	16,755	7,154
Increase/(decrease) in employees end-of-service benefits	240	(2,677)
Cash (used in)/generated from operations	(8,226)	9,516
Interest paid	(212)	--
Tax paid	--	(48)
Net cash (used in)/from operating activities	(8,438)	9,468
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	763	1,977
Capital advance paid	--	(785)
Purchase of property, plant and equipment	(2,804)	(2,242)
Increase in other current financial assets	(48)	--
Net cash used in investing activities	(2,089)	(1,050)
Cash flows from financing activities		
Proceeds from trust receipts (net)	11,004	--
Payments of bills acceptance (net)	(1,684)	--
Decrease in amounts due to related parties	--	(2,320)
Net cash generated/(used in) financing activities	9,320	(2,320)
Net (decrease)/increase in cash and cash equivalents	(1,207)	6,098
Cash and cash equivalents at the beginning of the period	(13,005)	(1,430)
Cash and cash equivalents at end of period (note 15)	(14,212)	4,668

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UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 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 17.

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 condensed consolidated interim 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 six-month period ended 30 June 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 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. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

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.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
4. COST OF SALES				
Materials consumed	36,885	33,876	69,478	70,100
Purchase of trading goods	11,058	9,936	21,038	14,937
Depreciation	1,620	1,603	3,313	3,169
Other direct costs	2,729	1,135	5,200	2,170
	<u>52,292</u>	<u>46,550</u>	<u>99,029</u>	<u>90,376</u>
Changes in inventories of semi-finished, finished and trading goods	4,288	2,279	(1,554)	5,197
	<u>56,580</u>	<u>48,829</u>	<u>97,475</u>	<u>95,573</u>
5. ADMINISTRATIVE AND GENERAL EXPENSES				
Staff costs	14,374	13,662	29,223	24,846
Depreciation	1,443	1,706	2,722	3,404
Amortisation of intangible assets	138	—	276	—
Commercial vehicle expenses	4,088	3,784	7,727	7,582
Utilities	3,134	2,700	5,718	5,215
Other expenses	6,460	11,843	14,264	18,393
	<u>29,637</u>	<u>33,695</u>	<u>59,930</u>	<u>59,440</u>
6. PROPERTY, PLANT AND EQUIPMENT				
Additions and disposals (Unaudited)				
During the six-month period ended 30 June 2013, the Group acquired assets amounting AED 2.80 million and disposed off assets with a net book value of AED 0.22 million (six-month period ended 30 June 2012: AED 2.24 million and 0.42 million).				
7. AVAILABLE-FOR-SALE INVESTMENTS				
	30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 June 2012 AED'000 (Unaudited)	
Opening balance	5,841	5,794	5,794	
Gain on fair valuation	175	47	26	
Closing balance	<u>6,016</u>	<u>5,841</u>	<u>5,820</u>	

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

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.

	30 June 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 June 2012 AED'000 (Unaudited)
8. INVENTORIES			
Raw materials and packing materials	44,310	33,731	40,123
Semi-finished goods	472	1,145	3,585
Finished goods	8,796	7,108	7,310
Trading goods	8,021	7,482	5,970
Consumable stores and spare parts	8,349	9,485	9,826
	<u>69,948</u>	<u>58,951</u>	<u>66,814</u>
Less: Provision for slow moving inventory	(5,696)	(6,264)	(7,238)
	<u>64,252</u>	<u>52,687</u>	<u>59,576</u>
Goods-in-transit	4,859	12,649	249
	<u>69,111</u>	<u>65,336</u>	<u>59,825</u>
9. TRADE AND OTHER RECEIVABLES			
Trade receivables	57,675	42,620	41,641
Less: Provision for bad and doubtful debts	(4,691)	(4,691)	(3,888)
	<u>52,984</u>	<u>37,929</u>	<u>37,753</u>
Advances, deposits and prepayments	7,807	6,816	3,940
	<u>60,791</u>	<u>44,745</u>	<u>41,693</u>
10. OTHER CURRENT FINANCIAL ASSETS			
Margin deposits	48	--	--
11. BANK BORROWINGS			
Overdrafts	16,828	15,196	--
Trust receipts	14,033	3,029	--
Acceptances	--	1,684	--
	<u>30,861</u>	<u>19,909</u>	<u>--</u>
12. TRADE AND OTHER PAYABLES			
Trade payables	44,370	30,142	23,663
Other payables and accruals	11,081	8,433	12,870
Advance received from customers	--	121	--
	<u>55,451</u>	<u>38,696</u>	<u>36,533</u>

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

		Three-month period ended 30 June		Six-month period ended 30 June	
		2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
13.	RELATED PARTY TRANSACTIONS				
	Purchases from related parties				
	- United Cans Company LLC	78	17	106	130
	Compensation to key management personnel				
	Employee benefits (including remuneration)	203	396	461	792
	Due to related parties				
	- United Foods Company PSC	--	--	--	1,465
	- Do Freeze	--	--	--	97
	- United Cans Company LLC	--	--	--	79
		--	--	--	1,641
14.	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.				
15.	RECONCILIATION OF CASH AND CASH EQUIVALENTS				
	Cash and cash equivalents as disclosed in the statement of financial position	2,616		2,191	4,668
	Less: Overdrafts (note 11)	(16,828)		(15,196)	--
		(14,212)		(13,005)	4,668
16.	CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS				
	Letters of credit	221		--	19,920
	Bankers' letters of guarantee	4,848		4,821	5,387
	Capital commitments	84		84	1,470

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

17. 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.

18. BASIC EARNINGS PER SHARE

	Three-month period ended 30 June		Six-month period ended 30 June	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Net (loss)/profit attributable to Owners (AED'000)	(5,136)	808	(11,495)	(8,601)
Weighted average number of shares outstanding	302,500	302,500	302,500	302,500

19. PROPOSED DIVIDEND

The Board of Directors do not propose any interim dividend for the six-month period ended 30 June 2013 (six-month period ended 30 June 2012: Nil).

20. SEASONALITY OF THE BUSINESS IMPACTING THE RESULTS FOR THE PERIOD (QUARTERS)

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.