UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

Consolidated financial statements and reports
Year ended 31 December 2012

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

Consolidated financial statements and reports
Year ended 31 December 2012

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UNITED KAIPARA DAIRIES CO. (P.S.C.)
P.O.Box: 6424, Dubai, United Arab Emirates
Tel.: +971 4 3382133 Fax: +971 4 3383099
E-mail: info@unikaifoods.com
www.unikaifoods.com

شركة كايارا المتحدة للألبان (ش.م.ع.)
ص.ب: ٦٤٢٤، دبي، أ.ع.م.
هاتف: ٣٣٨٢١٣٣ ٤ ٩٧١+
فاكس: ٣٣٨٣٠٩٩ ٤ ٩٧١+

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

Dear Shareholders,

The Board of Directors have the pleasure in placing before you the Consolidated Statement of Financial Position of the Group as at 31 December 2012, the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended together with the Independent Auditor's Report.

The turnover for the current year is AED 291.61 million as compared to AED 386.59 million in the previous year.

The Group incurred a net loss after tax of AED 21.65 million during the year as compared AED 5.95 million in the previous year.

Dividends

No dividends have been declared for the year ended 31 December 2012.

On behalf of Board of Directors

MR. OBAID SAEED AL MULLA
CHAIRMAN
March 13, 2013

بيه كي اف
تشارترد اكاونتنتس
لخدمات الاستشارات الادارية

PKF
Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT

The Shareholders
UNITED KAIPARA DAIRIES COMPANY (PSC)

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements 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 consolidated statement of financial position as at 31 December 2012, and the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 4 to 30.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Tel +9714 223 6508 • Fax +9714 223 4524 • Email dubai@pkfuae.com • www.pkfuae.com
P.O.Box 13094 • Al Maidan Tower 2 • Suite 301-303 • Al Maktoum Street • Dubai • U.A.E.

PKF
Accountants & business advisers

INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter
The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 7 June 2012.

Report on other legal and regulatory requirements
As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that the consolidated financial statements comply with the applicable provisions of the said law and the Company's articles of association; we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Group, an inventory was duly carried out and the contents of the report of the Board of Directors' report relating to these consolidated financial statements are in agreement with the books of account. To the best of our knowledge and belief no violations of the UAE Federal Law No. 8 of 1984 (as amended) or the articles of association of the Company have occurred during the year, which would have had a material effect on the business of the Group or on its consolidated financial position.

S.D. Pereira
Partner
Registration No. 552
Dubai, United Arab Emirates
13 March 2013

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 AED'000	2011 AED'000
Revenue		**291,611**	386,593
Cost of sales	6	**(216,808)**	(303,608)
Gross profit		**74,803**	82,985
Administrative and distribution expenses	7	**(100,240)**	(92,282)
Finance costs	9	**(143)**	(346)
Other income	10	**4,207**	3,993
LOSS FOR THE YEAR BEFORE TAX		**(21,373)**	(5,650)
Provision for tax	22	**(276)**	(298)
LOSS FOR THE YEAR AFTER TAX		**(21,649)**	(5,948)
Earnings per share			
BASIC EARNINGS PER SHARE IN AED	24	**(72)**	(20)

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 AED'000	2011 AED'000
LOSS FOR THE YEAR AFTER TAX		**(21,649)**	(5,948)
Other comprehensive income:			
Net change in fair value of available-for-sale investments	13	**47**	(170)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(21,602)**	(6,118)

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 AED'000	2011 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	62,925	68,321
Intangible assets	12	2,113	--
Available-for-sale investments	13	5,841	5,794
		70,879	74,115
Current assets			
Inventories	14	65,336	68,005
Trade and other receivables	15	44,745	42,030
Cash and cash equivalents	16	2,191	1,649
		112,272	111,684
Total assets		183,151	185,799
EQUITY AND LIABILITIES			
Equity funds			
Share capital	17	30,250	30,250
Reserves		85,266	106,868
		115,516	137,118
Non-current liabilities			
Employee end-of-service benefits	18	8,751	12,212
Current liabilities			
Bank borrowings	19	19,909	3,079
Trade and other payables	20	38,696	29,379
Amounts due to related parties	21	--	3,961
Provision for taxation	22	279	50
		58,884	36,469
Total liabilities		67,635	48,681
Total equity and liabilities		183,151	185,799

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

Authorised for issue on behalf of the Board of Directors on 13th March 2013.

MR. OBAID SAEED AL MULLA
CHAIRMAN

Suprio Chakraborty

MR. SUPRIO CHAKRABORTY
CHIEF FINANCIAL OFFICER

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Legal reserve	Restricted reserve	General reserve	Fixed assets replacement reserve	(Accumulated losses)/ retained earnings	Dividends paid/ bonus shares issued	Directors' fees	Fair value reserve	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2011	27,500	13,965	576	83,300	15,000	27	9,625	750	118	150,861
Comprehensive income										
Loss (a)	–	–	–	–	–	(5,948)	–	–	–	(5,948)
Other comprehensive income										
Net change in fair value of available-for-sale investments (b)	–	–	–	–	–	–	–	–	(170)	(170)
Total comprehensive income for the year (a+b)	–	–	–	–	–	(5,948)	–	–	(170)	(6,118)
Transactions with owners, recorded directly in equity										
Contribution by and distributions to owners of the Group										
Dividend paid	–	–	–	–	–	–	(6,875)	–	–	(6,875)
Bonus share issued	2,750	–	–	–	–	–	(2,750)	–	–	–
Directors' fees paid	–	–	–	–	–	–	–	(750)	–	(750)
Total contributions by and distribution to owners of the Group	2,750	–	–	–	–	–	(9,625)	(750)	–	(7,625)
Balance as at 31 December 2011	**30,250**	**13,965**	**576**	**83,300**	**15,000**	**(5,921)**	–	–	**(52)**	**137,118**

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

Continued……

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012
(CONTINUED)

	Share capital	Legal reserve	Restricted reserve	General reserve	Fixed assets replacement reserve	(Accum-ulated losses)/ retained earnings	Dividends paid/ bonus shares issued	Directors' fees	Fair value reserve	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2012	30,250	13,965	576	83,300	15,000	(5,921)	–	–	(52)	137,118
Comprehensive income										
Loss (c)	–	–	–	–	–	(21,649)	–	–	–	(21,649)
Other comprehensive income										
Net change in fair value of available-for-sale investments (d)	–	–	–	–	–	–	–	–	47	47
Total comprehensive income for the year (c+d)	–	–	–	–	–	(21,649)	–	–	47	(21,602)
Transactions with owners, recorded directly in equity										
Contribution by and distributions to owners of the Group										
Total contributions by and distribution to owners of the Group	–	–	–	–	–	–	–	–	–	–
At 31 December 2012	30,250	13,965	576	83,300	15,000	(27,570)	–	–	(5)	115,516

In accordance with the interpretation of Article 118 of the UAE Federal Law No. 8 of 1984 by the Ministry of Economy & Commerce, Directors' fees have been treated as an appropriation from equity.

No allocation has been made to the legal reserve, restricted reserve, general reserve and fixed assets replacement reserves for the year ended 31 December 2012 due to losses.

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 AED'000	2011 AED'000
Cash flows from operating activities		
Loss for the year after tax	(21,649)	(5,948)
Adjustments for:		
Depreciation of property, plant and equipment	13,421	14,421
Amortisation of intangible assets	92	--
Impairment of financial assets	--	250
Finance costs	143	346
Dividend income	(313)	(501)
Provision for tax	276	298
Inventory provision	500	--
Provision against doubtful debts	945	802
Profit on sale of property, plant and equipment	(2,782)	(1,315)
	(9,367)	8,353
Decrease in inventories	2,169	19,203
(Increase)/decrease in trade and other receivables	(3,660)	447
Increase/(decrease) in trade and other payables	9,317	(18,930)
(Decrease)/increase in end-of-service benefits	(3,461)	963
Cash (used in)/generated from operations	(5,002)	10,036
Interest paid	(143)	(346)
Taxes paid	(47)	(790)
Net cash (used in)/from operating activities	(5,192)	8,900
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	3,970	2,231
Purchase of property, plant and equipment	(9,213)	(7,219)
Payments for intangible assets	(2,205)	--
Dividends received	313	501
Net cash used in investing activities	(7,135)	(4,487)
Cash flows from financing activities		
Directors' fees paid	--	(750)
Dividends paid	--	(6,875)
Proceeds from trust receipts (net)	3,029	--
Proceeds from acceptances (net)	1,684	--
(Decrease)/increase in amounts due to related parties	(3,961)	3,468
Net cash from/(used in) financing activities	752	(4,157)
Net (decrease)/increase in cash and cash equivalents	(11,575)	256
Cash and cash equivalents at beginning of year	(1,430)	(1,686)
Cash and cash equivalents at end of year (note 25)	(13,005)	(1,430)

The accompanying notes form an integral part of these consolidated financial statements.
The report of the independent auditor is set forth on pages 2 and 3.

1. **LEGAL STATUS AND BUSINESS ACTIVITY**

a) **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 Law 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 26.

b) 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 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**

a) **Statement of compliance**

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2012, and the requirements of UAE Federal law No.8 of 1984 (as amended).

b) **Basis of measurement**

The consolidated financial statements are prepared using historical cost, 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.

c) **Basis of consolidation**

These consolidated financial statements consolidate the assets and liabilities of the subsidiary as at 31 December 2012 and the results of operation for the year ended on that date on a line-by-line basis (Note 1(a)).

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated similarly to unrealised gains, but only to the extent that there is no evidence of impairment.

d) **Adoption of new International Financial Reporting Standards**

Standards and interpretations effective for the current year

In the opinion of management, there are no IFRSs or IFRIC interpretations that are effective for the first time for the current reporting period and which are applicable to the Group and which could have a material impact on the financial statements.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the consolidated financial statements have been issued by the IASB prior to the date the consolidated financial statements were authorised for issue but have not been applied in these consolidated financial statements as their effective dates of adoption are for future accounting periods.

- IFRS9: Financial instruments: (1 January 2015)
  IFRS9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- Presentation of Items in Other Comprehensive Income: Amendments to IAS1: (1 July 2012)
  The amendments retain the option to present profit and loss and other comprehensive income in either a single statement or two separate statements. However items of other comprehensive income are required to be grouped into those that will and will not be subsequently reclassified to profit or loss.

- Amendments to IAS19: Employee benefits: (1 July 2013)
  These amendments eliminate the corridor approach and require the entity to recognize the changes in defined benefit plan obligations and plan assets when they occur.

- IFRS10: Consolidated consolidated financial statements: (1 January 2013)
  IFRS10 uses control as a single basis for consolidation builds on existing principles by identifying the concept of control irrespective of nature if investee. In addition IFRS 10 includes a new definition of control that contains three elements a) power over the investee; b) exposure or rights to variable returns and c) ability to use its power to affect the amount of investors return.

- IFRS12: Disclosure of Interests in Other Entities: (1 January 2013)
  IFRS12 combines the disclosure requirements for an entity's interest in subsidiaries, joint arrangements, associates and structured entities into one comprehensive disclosure standard.

- IFRS13: Fair Value Measurement: (1 January 2013)
  IFRS13 establishes a single framework for measuring fair value and is applicable for both financial and non-financial items.

- Offsetting Financial Assets and Liabilities: Amendments to IAS32: (1 January 2014)
  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and liabilities.

- Disclosures – Offsetting Financial Assets and Financial Liabilities: Amendments to IFRS7 (1 January 2013)
  The amendments to IFRS7 require the entity to disclose information about the rights of offset and related arrangements for financial instruments.

- Annual improvements to IFRSs 2009-2011 cycle (1 January 2013)
  - IAS 1: Presentation of Consolidated financial statements: The improvements provide that the entity is required to present third statement of financial position only when the retrospective application, restatement or reclassification has material effect on the information in the third statement of financial position.

  - IAS16: Property, Plant and Equipment: The improvements to IAS16 provide that spare parts, standby equipment and servicing equipment should be classified as property plant and equipment when they meet the definition of property plant and equipment in IAS 16 and as inventory otherwise.

  - IAS 32: Financial Instruments: Presentation: The amendments to IAS 32 provide that the income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

e) **Functional and presentation currency**

The consolidated financial statements are presented in UAE Dirhams ("AED") which is the Group's functional currency.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted, and which have been consistently applied by the Group, are as follows:

a) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 years
Plant and equipment	5-10 years
Transport and distribution equipment	3- 6 years
Furniture, fixtures and office equipment	4 years

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

Impairment of tangible and intangible assets excluding goodwill
At each reporting date, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

b) **Intangible assets**

Intangible assets represent computer software, are stated at cost less accumulated amortisation, and impairment losses and amortised over four years.

An assessment of amortisation method and useful lives are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

c) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

Finished goods are stated at lower of cost and net realizable value. Cost comprises of direct materials, labor and other attributable overheads based on normal level of activity. Semi-finished goods are stated at cost.

Goods-in-transit represents the inventory over which the Group has legal title based on terms of purchase, but which are physically not received at the Group's warehouse.

d) **Employee end-of-service benefits**

Provision is made for end-of-service benefits payable to the staff at the reporting date in accordance with the UAE Federal Labour Law applicable to the Group and the relevant local laws applicable to the Subsidiary. The Group contributes to the Public Authority of Pensions and Social Securities in accordance with the Pension and Social Securities Law, Federal Law, No(7) of 1999 in respect of UAE nationals and to the Oman Social Insurance Scheme in respect of Omani Nationals employed and the pension amount is recognised as expense when incurred.

e) **Legal reserve**

Legal reserve is created by appropriating a minimum of 10% of net profit of the Company as required by the UAE Federal Law No. 8 of 1984, as amended. The Company can discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

f) **Restricted reserve**

Restricted reserve is created by appropriating a minimum of 10% of the net profit of the Subsidiary as required by the Oman Commercial Register Law No. 3/74. The Subsidiary can discontinue such annual transfers when the reserve totals one-third of the paid up share capital.

g) **General reserve**

General reserve is created by appropriating a minimum of 10% of the net profit of the Company as the Company's articles of association. The Company can discontinue much annual transfers when the reserve total 50% of the paid up share capital. The reserve is to be used for purposes as recommended by the Board of Directors and approved by shareholders in the Annual General Meeting.

h) **Fixed assets replacement reserve**

Fixed assets replacement reserve is created by appropriating a certain percentage of the net profit decided by the Board of Directors. This reserve is earmarked for replacement of property, plant and equipment in future years. This year, the Board decided not to transfer any amount to fixed assets replacement reserve.

i) **Directors' fees**

Directors' fees have been included as an appropriation of net profit for the year as required by the interpretation of the Commercial Companies Law of 1984 (as amended) by the Ministry of Economy and Commerce.

j) **Revenue**

Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Dividend income

Dividend income is accounted when the right to receive dividend is established.

k) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

l) **Foreign currency transactions**

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

m) **Borrowing costs**

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset upto the date the qualifying asset is ready for use.

n) **Provisions**

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

o) **Taxation**

The Group accounts for provision for income tax for the profit earned by the Subsidiary on its operations in Sultanate of Oman each year. Income tax for the year comprises current and deferred tax. Current and deferred tax is recogonised in profit and loss except that it relates to a business, combination, or items recogonsied directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount deferred tax provided is based on expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised for deferred tax losses, tax credits and deductable temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are revised at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

p) **Financial instruments**

Financial assets and financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Investments in quoted equity shares are recognised on the trade/settlement date.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Available-for-sale financial assets

Investments in quoted equity shares in which the Group does not actively trade are classified as available-for-sale and are stated at fair value by reference to quoted market prices. Changes in fair value are recognised in a fair value reserve in equity, which the management does not consider to be distributable. If it is determined that such assets are impaired, the amount of impairment is removed from the fair value reserve and recognised in profit or loss. On disposal of such assets, any related amount remaining in the fair value reserve is transferred to profit or loss.

Investments in unquoted equity shares for which there is no active market and for which fair values cannot be reliably determined due to significant variations in valuation parameters are classified as available-for-sale and stated at cost less any write down for impairment. Impairment losses are recognised in profit or loss.

Loans and receivable

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value net of temporary bank overdrafts.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables, are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Company.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Earnings per share

The Group presents basic earnings per share (EPS) data for its shares calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include any increase in number of shares without a corresponding change in resources.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are as follows:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held-for-trading or as available-for-sale or as held-to-maturity based on management's intentions relating to those investments. The management classifies investments as held for trading if they are acquired primarily for the purpose of making short term gains through trading. Investments are designated as available-for-sale if management has the positive intention and ability to hold them to gain from capital appreciation and to earn dividend income. Investments are designated as held-to-maturity, if management has the positive intention and ability to hold them till their maturity.

Investments in quoted equity shares

Investments in quoted equity shares are recognised on the trade/settlement date, as this is the date on which an asset and a liability to pay arise/it is finally determined that the Company will continue to hold the asset.

Investments in unquoted equity shares

Investments in unquoted equity shares are stated at cost less impairment losses as the management is of the opinion that the use of valuation techniques would yield a significant range of value estimates and the probability of estimates within the range cannot be reasonably assessed.

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, intangible assets, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Carrying value of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Group's inventory, stated at AED 71.60 million (previous year AED 77.15 million) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of loans and receivables owed to the Group either from third parties, (see note 15) or from related parties and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment, intangible assets, and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Employee end-of-service benefits

The Group computes the provision for the liability towards employee end-of-service benefits stated at AED 8.75 million (previous year AED 12.21 million), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

		2012 AED'000	2011 AED'000
6.	**COST OF SALES**		
	Manufacturing		
	Raw material and packing materials consumed	**139,719**	160,537
	Depreciation (note 8)	**6,529**	6,623
	Utilities	**11,238**	11,173
	Spare parts consumed	**2,471**	3,389
	Staff salaries and benefits	**8,670**	7,070
	End-of-service benefits	**138**	119
	Repair and maintenance	**3,157**	2,303
	Other direct costs	**4,317**	3,733
		176,239	194,947
	Changes in inventories of semi-finished and finished goods	**(754)**	808
	(A)	**175,485**	195,755
	Trading		
	Inventories, beginning of the year	**14,563**	13,456
	Purchases (including direct expenses)	**34,242**	108,960
	Inventories, end of the year	**(7,482)**	(14,563)
	(B)	**41,323**	107,853
	(A) + (B)	**216,808**	303,608
7.	**ADMINISTRATIVE AND DISTRIBUTION EXPENSES**		
	Staff salaries and benefits*	**44,516**	38,919
	End-of-service benefits	**1,498**	1,625
	Commercial vehicle expenses	**16,021**	23,587
	Utilities	**1,040**	1,102
	Operating lease expenses	**3,185**	3,774
	Depreciation (note 8)	**6,892**	7,798
	Amortisation of intangible assets	**92**	--
	Advertising and promotion expenses	**11,604**	3,583
	Inventory provision	**500**	--
	Provision for doubtful debts	**945**	802
	Other expenses	**13,947**	11,092
		100,240	92,282

*Staff salaries and benefits include salaries to key management personnel of AED 1.4 million (previous year AED 1.7 million).

		2012 AED'000	2011 AED'000
8.	**DEPRECIATION**		
	Allocated to cost of sales (note 6)	**6,529**	6,623
	Allocated to administrative and distribution expenses (note 7)	**6,892**	7,798
		13,421	14,421

	2012 AED'000	2011 AED'000
9. FINANCE COSTS		
On other bank loans and overdrafts	**143**	346
10. OTHER INCOME		
Sale of scrap	**880**	1,743
Profit on disposal of property, plant and equipment (net)	**2,782**	1,315
Net exchange gains	**174**	378
Dividend income	**313**	501
Miscellaneous income	**58**	56
	4,207	3,993

11. PROPERTY, PLANT AND EQUIPMENT

	Capital work-in-progress AED'000	Land and buildings AED'000	Plant and equipment AED'000	Transport and distribution equipment AED'000	Furniture, fixtures and office equipment AED'000	Total AED'000
Cost						
At 1 January 2011	5,475	52,192	83,443	84,846	5,031	230,987
Additions	2,885	90	290	3,084	870	7,219
Transfers	(2,690)	318	46	2,326	--	--
Disposals	(510)	--	--	(1,962)	(12)	(2,484)
At 31 December 2011	5,160	52,600	83,779	88,294	5,889	235,722
Additions	2,065	298	1,418	1,949	3,483	9,213
Disposals	--	--	(73)	(21,004)	(17)	(21,094)
At 31 December 2012	**7,225**	**52,898**	**85,124**	**69,239**	**9,355**	**223,841**
Accumulated depreciation						
At 1 January 2011	--	28,425	52,039	69,851	3,983	154,298
Depreciation	--	1,922	5,316	6,614	569	14,421
Impairment losses	--	--	--	250	--	250
Adjustment on disposals	--	--	--	(1,568)	--	(1,568)
At 31 December 2011	--	30,347	57,355	75,147	4,552	167,401
Depreciation	--	1,947	5,094	5,508	872	13,421
Adjustment on disposals	--	--	(73)	(19,816)	(17)	(19,906)
At 31 December 2012	--	**32,294**	**62,376**	**60,839**	**5,407**	**160,916**
Carrying amount						
At 1 January 2011	5,475	23,767	31,404	14,995	1,048	76,689
At 31 December 2011	5,160	22,253	26,424	13,147	1,337	68,321
At 31 December 2012	**7,225**	**20,604**	**22,748**	**8,400**	**3,948**	**62,925**

Notes:

1. Capital work-in-progress represents costs incurred towards staff accommodation, plant and equipment and transport and distribution equipment.

2. The Government of Dubai Granted land to the Group for setting up manufacturing facilities that have been recorded at a nominal value. Land and buildings comprise of certain buildings constructed on land leased to the Group. The lease is renewable every year and management believes that the lease would be available to the Group on an on-going basis in the foreseeable future.

12. INTANGIBLE ASSETS

	Computer software AED'000
Cost	
At 1 January 2011 and 31 December 2011	--
Additions	2,205
At 31 December 2012	**2,205**
Accumulated amortisation	
At 1 January 2011 and 31 December 2011	--
Amortisation	92
At 31 December 2012	**92**
Carrying amount	
At 1 January 2011 and 31 December 2011	--
At 31 December 2012	**2,113**

13. AVAILABLE-FOR-SALE INVESTMENTS

	2012 AED'000	2011 AED'000
Opening balance	**5,794**	5,964
Change in fair value	**47**	(170)
Closing balance	**5,841**	5,794

These include investment amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (year ended 31 December 2011: 5.6 million). Since the investment does 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. The balance of the investments represent investments in quoted shares of Dubai Financial Market PJSC and DP World amounting to AED 0.2 million, and these investments have been disclosed at their fair values.

14. INVENTORIES

	2012	2011
Raw materials and packing materials	**33,731**	46,361
Semi-finished goods	**1,145**	2,255
Finished goods	**7,108**	5,244
Trading stocks	**7,482**	14,563
Consumable stores and spare parts	**9,485**	7,865
	58,951	76,288
Less: provision for slow moving inventories	**(6,264)**	(9,142)
	52,687	67,146
Goods-in-transit	**12,649**	859
	65,336	68,005

	2012 AED'000	2011 AED'000
15. TRADE AND OTHER RECEIVABLES		
Trade receivables	**42,620**	39,270
Less: Provision for doubtful accounts	**(4,691)**	(3,750)
	37,929	35,520
Advances	**3,517**	2,329
Prepayments	**2,073**	3,499
Other receivables	**907**	421
Deposits	**319**	261
	44,745	42,030

A reconciliation of the movements in the doubtful debt provision account are as follows:

	2012	2011
Opening balance	**3,750**	3,626
Provisions made during the year	**945**	802
Amount written off	**(4)**	(678)
Closing balance	**4,691**	3,750

An age analysis of trade receivables that are past due but not impaired is as follows:

	2012	2011
0 to 30 days	**9,302**	8,411
30 to 60 days	**4,270**	3,460
Over 60 days	**5,810**	3,891

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	2012	2011
Gross value	**4,691**	3,750
Provision	**(4,691)**	(3,750)
Carrying value	**--**	--
Trade receivables not past due and not impaired	**18,547**	19,758

The Group holds post-dated cheques amounting to AED 2.76 million (previous year AED 3.85 million) as security against trade receivables.

	2012	2011
16. CASH AND CASH EQUIVALENTS		
Cash on hand	**413**	537
Bank balances:		
Current accounts	**1,778**	1,112
	2,191	1,649

		2012 AED'000	2011 AED'000
17.	**SHARE CAPITAL**		
	Authorised:		
	302,500 shares of AED 100 each	**30,250**	30,250
	Issued and paid up:		
	302,500 shares of AED 100 each	**30,250**	27,500
	Shares issued for consideration other than cash		
	27,500 shares of AED 100 each	--	2,750
		30,250	30,250

In the year 2010, the Board of Directors had proposed to issue bonus shares in the ratio of 1:10 (1 share for every 10 shares held) of AED 2.75 million which have been issued in 2011. These were approved in the Annual General Meeting held on 28 April 2011.

		2012	2011
18.	**EMPLOYEE END-OF-SERVICE BENEFITS**		
	Opening balance	**12,212**	11,249
	Provision for the year	**1,636**	1,744
	Transfer from a related party	**24**	198
	Paid during the year	**(5,121)**	(979)
	Closing balance	**8,751**	12,212
19.	**BANK BORROWINGS**		
	Overdrafts	**15,196**	3,079
	Trust receipts	**3,029**	--
	Acceptances	**1,684**	--
		19,909	3,079
20.	**TRADE AND OTHER PAYABLES**		
	Trade payables	**30,142**	16,807
	Accruals	**7,872**	11,941
	Advance received from customers	**121**	350
	Other payables	**561**	281
		38,696	29,379

The entire trade and other payables are due for payment in one year.

21. **RELATED PARTIES**

The Group enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management.

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

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

	Other related parties AED'000	Total 2012 AED'000	Total 2011 AED'000
Due to related parties	--	--	
	3,961	--	3,961

All balances are unsecured and are expected to be settled in cash. Repayment and other terms are set out in note 28.

Significant transactions with related parties during the year were as follows:

	Key management personnel AED'000	Other related parties AED'000	Total 2012 AED'000	Total 2011 AED'000
Sales	--	87	**87**	
	--	47,390		47,390
Purchases	--	235	**235**	
	--	25,749		25,749
Management remuneration	1,400	--	**1,400**	
	1,696	--		1,696
Transfer of provision for staff end-of-service gratuity	--	24	**24**	
	--	198		198
Recharge of expenses (net)	--	211	**211**	
	--	--		--
Transfer of property, plant and equipment to a related party	--	270	270	
	--	730		730

The Group also provides fund to/receives fund from related parties as working capital at free of interest.

22. PROVISION FOR TAXATION

	2012 AED'000	2011 AED'000
Opening balance	**50**	542
Provision made during the year	**276**	298
Tax paid	**(47)**	(790)
	279	50

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

23. MANAGEMENT OF CAPITAL

The Group's objectives when managing capital are to ensure that the entities continue as a going concern and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Group is not exposed to any externally imposed capital requirements except for complying with certain provisions of the UAE Federal Law No 8 of 1984 (as amended) and Oman Commercial Register Law No. 3/74.

Funds generated from internal accruals are retained in the business to limit bank borrowings within covenants, if any, and according to the business requirements and maintain capital at desired levels.

	2012 AED'000	2011 AED'000
24. EARNINGS PER SHARE		
Earnings per share	**(72)**	(20)

The earnings per share has been calculated by dividing the profit for the year attributable to the shareholders by the number of the issued, subscribed and paid up shares.

25. RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2012	2011
Cash and cash equivalents as disclosed in the statement of financial position (note 16)	**2,191**	1,649
Less: Overdrafts (note 19)	**(15,196)**	(3,079)
	(13,005)	(1,430)

26. 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.

27. SEGMENT REPORTING

The Group operates in the single reporting segment of dairy, juice, ice cream, and various related food products. All the relevant information relating to this reporting/operating segment is disclosed in the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and notes to the consolidated financial statements. Additional information required by IFRS 8: Segment Reporting is disclosed below:

Information about geographical segments

Sales to customers in		
- United Arab Emirates (UAE)	**161,582**	221,249
- Outside UAE	**130,029**	165,344
	291,611	386,593

28. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		Available-for-sale		At amortised cost	
	2012 AED'000	2011 AED'000	2012 AED'000	2011 AED'000	2012 AED'000	2011 AED'000
Non-current equity investments	--	--	5,841	5,794	--	--
Trade and other receivables	40,366	37,858	--	--	--	--
Cash and cash equivalents	2,191	1,649	--	--	--	--
Bank borrowings	--	--	--	--	19,909	3,079
Trade and other payables	--	--	--	--	34,472	21,673
Amounts due to related parties	--	--	--	--	--	3,961
	42,557	39,507	5,841	5,794	54,381	28,713

Management of risks

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Group's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Group, issued by high credit quality financial institutions.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

The Group buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on it borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The Group's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the Group's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	2012	2011
	AED'000	AED'000
Oman	**12,088**	9,743
Other middle east countries	**273**	403
Asian countries	**232**	--

At the reporting date there is no significant concentration of credit risk from individual customers.

At the reporting date, there is no significant concentration of credit risk from any industry as the Group's customers are from diverse industries.

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

Trade payables		
- Swiss Frank	**56**	--
- Euro	**70**	471

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk

All other loans receivable and borrowings are subject to floating interest rates at levels generally obtained in the UAE or are linked to LIBOR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower interest expense on variable rate debt would have been AED 199,090 higher or lower (previous year AED 30,790) resulting in equity being higher or lower by AED 199,090 (previous year AED 30,790).

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the Group's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

The fair values of the unquoted equity shares that are carried at cost less impairment losses in the absence of reasonably reliable valuation parameters are, in the opinion of the directors, at least equal to their carrying values. The markets for such shares in private companies are very limited and it can take a substantial time to locate a buyer and negotiate a transaction. It is not the management's present intention to dispose of these investments.

At the reporting date, if the share prices of investments in quoted equity shares had been 1% higher or lower, profit for the year would have been higher or lower by AED 470 (previous year AED 1,700) as a result of the impact of changes in fair values taken to profit or loss and other comprehensive income would have been higher or lower by AED 470 (previous year AED 1,700 as a result of the impact of changes in fair values taken directly to equity.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Level 1		Level 2		Level 3		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Available-for-sale financial assets	264	217	--	--	5,577	5,577	5,841	5,794

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		2012	2011
		AED'000	AED'000
29.	**OTHER CONTRACTED COMMITMENTS**		
	For acquisition, construction or enhancement of property, plant and equipment	**84**	--
30.	**CONTINGENT LIABILITIES**		
	Bankers' letters of guarantee	**4,821**	5,076
	Unutilized balances of commercial letters of credit	**--**	764

31. **COMPARATIVE FIGURES**

Previous year's figures have been regrouped/reclassified wherever necessary to make them comparable to those of current year.