UNITED KAIPARA DAIRIES COMPANY (PSC)
AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

PERIOD ENDED 30 SEPTEMBER 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 September 2013 and the related condensed consolidated interim income statement for three-month and nine-month periods then ended, interim statement of changes in equity and statement of cash flows for the nine-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.

SDPereira

S.D. Pereira
Partner
Registration No. 552
Dubai, United Arab Emirates
9 November 2013

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UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

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

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
Revenue		90,605	86,121	236,006	230,442
Cost of sales	4	(71,086)	(60,181)	(179,715)	(165,008)
Gross profit		19,519	25,940	56,291	65,434
Administrative and distribution expenses	5	(26,865)	(29,407)	(76,366)	(79,592)
Finance costs		(122)	(201)	(334)	(201)
Other income		1,277	2,014	2,837	4,210
Loss before tax		(6,191)	(1,654)	(17,572)	(10,149)
Provision for tax		(57)	(85)	(171)	(190)
Loss after tax		(6,248)	(1,739)	(17,743)	(10,339)
Earnings per share					
Basic earnings per share in AED	19	(21)	(6)	(59)	(34)

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 SEPTEMBER 2013

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
Loss for the period	(6,248)	(1,739)	(17,743)	(10,339)
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in the subsequent period				
Net change in fair value of available-for-sale investments	86	11	261	37
Net other comprehensive income to be reclassified to profit or loss in the subsequent period	86	11	261	37
Total comprehensive income for the period	(6,162)	(1,728)	(17,482)	(10,302)

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 SEPTEMBER 2013

	Note	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
ASSETS				
Non-current assets				
Capital advance		--	--	2,347
Property, plant and equipment	6	57,296	62,925	61,784
Intangible assets		1,699	2,113	--
Available-for-sale investments	7	6,102	5,841	5,831
		65,097	70,879	69,962
Current assets				
Inventories	8	54,966	65,336	60,109
Trade and other receivables	9	66,536	44,745	51,529
Amount due from a related party	10	--	--	28
Cash and cash equivalents	11	2,161	2,191	1,967
Other current financial assets	12	48	--	--
		123,711	112,272	113,633
Total assets		188,808	183,151	183,595
EQUITY AND LIABILITITES				
Equity funds				
Share capital		30,250	30,250	30,250
Reserves		67,784	85,266	96,566
		98,034	115,516	126,816
Non-current liabilities				
Employee end-of-service benefits		9,130	8,751	9,062
Current liabilities				
Bank borrowings	13	37,790	19,909	17,500
Trade and other payables	14	43,308	38,696	30,180
Amounts due to related parties	10	96	--	37
Provision for taxation	15	450	279	--
		81,644	58,884	47,717
Total liabilities		90,774	67,635	56,779
Total equity and liabilities		188,808	183,151	183,595

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 9 November 2013.

MR. OBAID SAEED AL MULLA
Chairman

MR. VIKAS MITTAL
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

		Share capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Fixed assets replacement reserve AED'000	Retained earnings AED'000	Fair value reserve AED'000	Total 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 for the period	(a)	--	--	--	--	--	(10,339)	--	(10,339)
Other comprehensive income - Net change in fair value of available-for-sale investments	(b)	--	--	--	--	--	--	37	37
Total comprehensive income for the period	(a+b)	--	--	--	--	--	(10,339)	37	(10,302)
Balance at 30 September 2012 (Unaudited)		30,250	13,965	576	83,300	15,000	(16,260)	(15)	126,816
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)	--	--	--	--	--	(17,743)	--	(17,743)
Other comprehensive income - Net change in fair value of available-for-sale investments	(d)	--	--	--	--	--	--	261	261
Total comprehensive income for the period	(c+d)	--	--	--	--	--	(17,743)	261	(17,482)
Balance at 30 September 2013 (Unaudited)		30,250	13,965	576	83,300	15,000	(45,313)	256	98,034

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

	Nine-month period ended 30 September 2013 AED '000 (Unaudited)	Nine-month period ended 30 September 2012 AED '000 (Unaudited)
Cash flows from operating activities		
Loss for the period before tax	(17,572)	(10,149)
Adjustments for:		
Depreciation of property, plant and equipment	9,455	9,981
Amortisation of intangible assets	414	--
Finance costs	334	201
Profit on disposal of property, plant and equipment	(552)	(2,881)
Operating loss before changes in operating assets and liabilities	(7,921)	(2,848)
Decrease in inventories	10,370	7,896
Increase in trade and other receivables	(21,791)	(9,499)
Increase in trade and other payables	4,612	609
Increase/(decrease) in employee end-of-service benefits	379	(3,150)
Cash used in operations	(14,351)	(6,992)
Interest paid	(334)	(201)
Tax paid	--	(48)
Net cash used in operating activities	(14,685)	(7,241)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	883	3,403
Capital advance paid	--	(2,347)
Purchase of property, plant and equipment	(4,157)	(3,966)
Increase in amount due from a related party	--	(28)
Increase in other current financial assets	(48)	--
Net cash used in investing activities	(3,322)	(2,938)
Cash flows from financing activities		
Proceeds from trust receipts (net)	12,089	2,208
Payment of bank acceptances (net)	(1,684)	--
Increase/(decrease) in amounts due to related parties	96	(3,924)
Net cash generated from/(used in) financing activities	10,501	(1,716)
Net decrease in cash and cash equivalents	(7,506)	(11,895)
Cash and cash equivalents at the beginning of the period	(13,005)	(1,430)
Cash and cash equivalents at end of period (note 16)	(20,511)	(13,325)

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.

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 18.

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 except for the adoption of the following amended standards which are effective for accounting periods beginning on or after 1 January 2013.

- 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. The amendment affected presentation only and had no impact on the Group's interim financial position or performance.

- 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. The application of IFRS 13 has not materially impacted the fair value measurement carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial instruments: Disclosures. Some of these disclosures are specifically required for financial instruments as per IAS 34 16A (j). The Group provides these disclosures in note 22.

  In the opinion of management, there are no other 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 interim financial information.

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 nine-month period ended 30 September 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, the condensed consolidated interim financial information of the Group is presented in UAE Dirhams ("AED"), which is the Company's functional currency, rounded to the nearest thousand, 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.

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 September		Nine-month period ended 30 September	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
4. COST OF SALES				
Materials consumed	49,015	39,473	119,218	109,572
Purchase of trading goods	4,670	9,601	25,708	24,538
Depreciation	1,719	1,623	5,032	4,792
Utilities	3,557	3,279	8,860	8,054
Staff salaries and benefits	2,950	2,609	8,076	7,089
Other direct costs	2,153	1,472	7,353	3,642
	64,064	58,057	174,247	157,687
Changes in inventories of semi-finished, finished and trading goods	7,022	2,124	5,468	7,321
	71,086	60,181	179,715	165,008

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
5. ADMINISTRATIVE AND DISTRIBUTION EXPENSES				
Staff salaries and benefits	13,461	13,067	37,558	33,433
Depreciation	1,701	1,785	4,423	5,189
Amortisation of intangible assets	137	--	413	--
Commercial vehicle expenses	4,205	4,271	11,932	11,853
Utilities	292	253	707	693
Other expenses	7,069	10,031	21,333	28,424
	26,865	29,407	76,366	79,592

6. PROPERTY, PLANT AND EQUIPMENT

Additions and disposals (Unaudited)

During the nine-month period ended 30 September 2013, the Group acquired assets amounting to AED 4.16 million and disposed off assets with a net book value of AED 0.33 million (nine-month period ended 30 September 2012: AED 4.01 million and 0.57 million respectively).

	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
7. AVAILABLE-FOR-SALE INVESTMENTS			
Opening balance	5,841	5,794	5,794
Gain on fair valuation	261	47	37
Closing balance	6,102	5,841	5,831

These include investments 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 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
8. INVENTORIES			
Raw materials and packing materials	37,076	33,731	41,013
Semi-finished goods	387	1,145	2,179
Finished goods	6,506	7,108	6,761
Trading goods	3,374	7,482	5,801
Consumable stores and spare parts	9,069	9,485	9,808
	56,412	58,951	65,562
Less: Provision for slow moving inventory	(4,980)	(6,264)	(5,669)
	51,432	52,687	59,893
Goods-in-transit	3,534	12,649	216
	54,966	65,336	60,109

	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
9. TRADE AND OTHER RECEIVABLES			
Trade receivables	61,999	42,620	50,107
Less: Provision for bad and doubtful debts	(4,741)	(4,691)	(4,197)
	57,258	37,929	45,910
Advances, deposits and prepayments	9,278	6,816	5,619
	66,536	44,745	51,529

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2013 AED'000 (Unaudited)	2012 AED'000 (Unaudited)
10. RELATED PARTY TRANSACTIONS AND BALANCES				
Sales to related parties				
- United Cans Company LLC	--	26	--	26
Purchases from related parties				
- United Cans Company LLC	42	44	148	174
Compensation to key management personnel				
Staff salaries and benefits (including end-of service benefits)	438	396	899	1,188

	30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
Due to related parties			
- United Foods Company PSC	--	--	28
Due from related parties			
- Do Freeze	--	--	9
- United Cans Company LLC	96	--	28
	96	--	37

		30 September 2013 AED'000 (Unaudited)	31 December 2012 AED'000 (Audited)	30 September 2012 AED'000 (Unaudited)
11.	**CASH AND CASH EQUIVALENTS**			
	Cash on hand	449	413	491
	Bank balance in current accounts	1,712	1,778	1,476
		2,161	2,191	1,967
12.	**OTHER CURRENT FINANCIAL ASSETS**			
	Margin deposits	48	--	--
13.	**BANK BORROWINGS**			
	Overdrafts	22,672	15,196	15,292
	Trust receipts	15,118	3,029	1,107
	Acceptances	--	1,684	1,101
		37,790	19,909	17,500
14.	**TRADE AND OTHER PAYABLES**			
	Trade payables	31,976	30,142	17,555
	Other payables and accruals	11,332	8,433	12,433
	Advance received from customers	--	121	192
		43,308	38,696	30,180

15. **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.

16.	**RECONCILIATION OF CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents as disclosed in the statement of financial position	2,161	2,191	1,967
	Less: Overdrafts (note 13)	(22,672)	(15,196)	(15,292)
		(20,511)	(13,005)	(13,325)
17.	**CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**			
	Letters of credit	426	--	4,887
	Bankers' letters of guarantee	4,848	4,821	5,388
	Capital commitments	696	84	2,950

18. 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.

19. BASIC EARNINGS PER SHARE

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2013 (Unaudited)	2012 (Unaudited)	2013 (Unaudited)	2012 (Unaudited)
Net loss attributable to Owners (AED'000)	(6,248)	(1,739)	(17,743)	(10,339)
Weighted average number of shares outstanding	302,500	302,500	302,500	302,500

The company has not issued any instruments which would have dilute impact on earnings per share when exercised.

20. PROPOSED DIVIDEND

The Board of Directors does not propose any interim dividend for the nine-month period ended 30 September 2013 (nine-month period ended 30 September 2012: Nil).

21. SEGMENTAL REPORTING

The Group operates in a single reporting segment primarily engaged in the manufacture of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf. All the relevant information relating to this reporting/operating segment is disclosed in the condensed consolidated interim statement of financial position, condensed consolidated interim income statement and notes to the condensed consolidated interim financial information.

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

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

Major customers

During the nine-month period ended 30 September 2013, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group (nine-month period ended 30 September 2012: Nil).

22. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents, trade and other receivables and available-for-sale investments. Financial liabilities consist of bank borrowings, trade and other payables and amount due to a related party.

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

Fair value hierarchy

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).

As at 30 September 2013, the Group held the following financial instruments measured at fair value:

	30 September 2013 AED'000 (Unaudited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Available-for-sale investments	6,102	525	--	5,577

As at 31 December 2012, the Group held the following financial instruments measured at fair value:

	31 December 2012 AED'000 (Audited)	Level1 AED'000	Level2 AED'000	Level 3 AED'000
Available-for-sale investments	5,841	264	--	5,577

During the period ended 30 September 2013 and year ended 31 December 2012, there were no transfers between the various levels of fair value measurements.

23. 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.