Message from Chairman

Dear Shareholders,

I would like to begin by taking this opportunity to thank our Shareholders for their continued and generous support to UNIKAI during these tough times.

The Company has undergone a very difficult period in the past 3-4 years, the impact of which has been felt at all levels. From 2011 we have witnessed three consecutive years of declining revenues, increasing costs, huge operating losses and a decline in market share and as a consequence we are facing declining cash flows, increased debts and deep erosion of reserves of the company. Investor confidence, employee morale and public perception of one of the oldest consumer goods companies in UAE is probably at its lowest ebb.

AED '000

	2009	2010	2011	2012	2013
Gross Sales	349,816	372,392	386,593	296,499	315,274
Sales from trading	104,842	137,131	152,488	57,220	51,711
Net Profit	28,517	18,005	(5,948)	(21,649)	(34,471)

The accumulated losses, as of 30 June 2014 have already reached AED 82.7 Million and are threatening the existence of the company if certain steps are not taken to immediately reverse these trends.

After taking over as the Chairman of the newly elected Board on 5 June 2014, I have had a series of meetings with the key stakeholders. The Board has done an independent and objective evaluation of Company's performance and potential to set a new direction for the Company and reverse the years of disappointment to our shareholders. I would like to inform the shareholders that we have already initiated a series of actions that are necessary to turnaround the business and put a stop to this decline.

The Board and the management recognize the challenges posed by changing industry dynamics and acknowledge that change is necessary and critical to the long-term organizational success and sustainability. Some of the key steps initiated under the new leadership are outlined below.

- Route and fleet rationalization and optimization leading to efficient distribution and improved customer service Levels.

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- Cost rationalization and optimization across the organization.
- Revenue enhancement through higher volumes and pricing initiatives.
- Improving margins through more focus on products with higher margins.
- Renewed focus on trading portfolio and Exports to maximize potential.
- Having an effective hedge strategy to counter the effect of Raw material price fluctuations.
- Outsourcing non-core activities and focus on value added products and service levels.
- Leverage existing Manufacturing and Logistics capabilities to reduce operational costs for maximizing returns on total assets.

While I'd like to say that these initiatives would take us through the immediate challenges, we continue to face some of the issues as we enter the second half of year 2014. Our near-term focus is on stabilizing the business and putting the company back on track. In 2014 we will be focusing on the fundamentals and building a stable platform that will enable us to pursue consistent, profitable and long-term growth for 2015 and beyond.

I would like to assure you that the Board and entire management is committed to put our Company back on course to create value for our shareholders and our customers. We also acknowledge the strong support of our customers, bankers and business associates on this journey ahead. I would like to thank the staff and management of the Company for their dedicated service and look forward to their continued contributions to take the business to the next level of success.

My sincere gratitude to the Board of Directors' for their unstinting support and guidance in defining our strategic directions in this exciting and challenging business.

Above all, I am once again extremely grateful to you, our Shareholders, for standing by us in difficult times and your continued and unrelenting support for the Company.

Yours

Mana Al Mulla
Chairman

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Dubai, UAE