UNITED KAIPARA DAIRIES CO. (P.S.C.)

شركة كايبارا المتحدة للألبان (ش.م.ع.)

Message from Chairman

Dear Shareholders,

Last year, in my two communications, I had described the challenges our company is facing and the various actions the new board has pursued to transform Unikai into a strong and financially sound company. Through this third communication of mine to the shareholders, I would like to take an opportunity to share with you the results of the company for the year 2014 along with an update on the progress of various initiatives taken by the company on our journey to recovery and transformation.

Looking back, 2014 was a very critical and one of the most challenging years in Unikai's transformation journey. Almost each day of the year brought a new challenge and tested the strength and capabilities of our organization. I would also call this year as the year of cleanup and consolidation.

As described in my previous communications, after appointment of new board in June 2014, we have taken various necessary actions like rationalization and optimization of our sales and distribution system, rationalization of our products SKU's, manpower restructuring etc. I am pleased to inform you that most of these actions which were initiated in August- September 2014 were successfully implemented by the end of 2014.

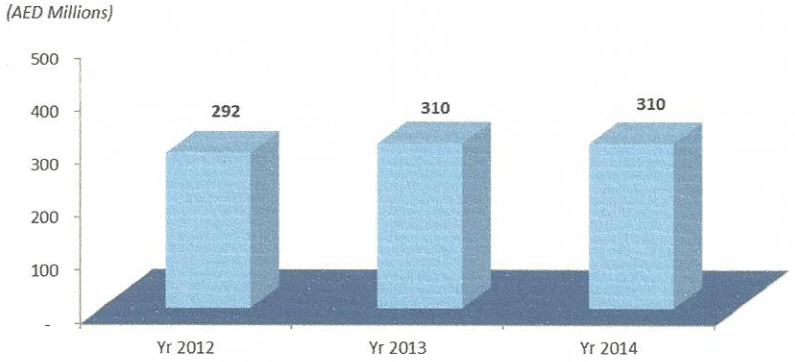
During the year in addition to carrying out various initiatives for long term transformation of the company, we also carried out a very detailed and thorough clean-up of the company books of accounts and all the legacy issues. In this respect the board decided to provide for various items (including assets, inventories and receivables) that have been appearing in the books for a long time but did not represent their true value. This clean up exercise has an impact on the current year financial results.
Below is the summary of the financial results for the year 2014:

Key Financial Highlights		
Financial Parameter	2014 (in AED million)	2013 (in AED million)
Net Revenue	310.4	310.0
Net Operating Loss	(67.4)	(37.5)
Net Loss	(65.8)	(34.5)

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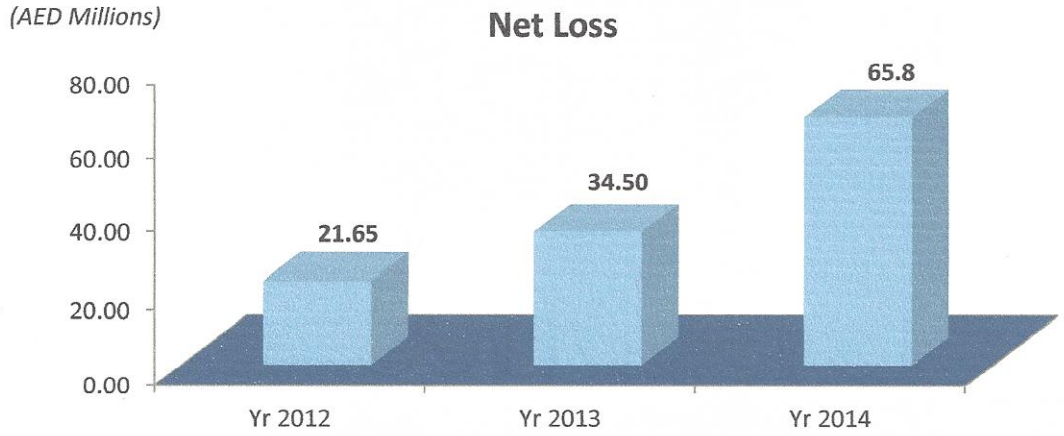
The net revenue for the year 2014 remained flat at AED 310 million vs 2013. The company was able to generate the same revenue as last year, in spite of facing serious liquidity issues to source its raw material as well as discontinuation of low margin and loss making SKUs.



Net Profit & Loss

During the year company has generated a net loss of AED 65.8 million. The net loss from operating activities is approximately AED 41 million, which is mainly due to all time high prices of key raw materials in international market, loss of sales due to unavailability of funds to fulfill working capital needs, high operating cost etc.

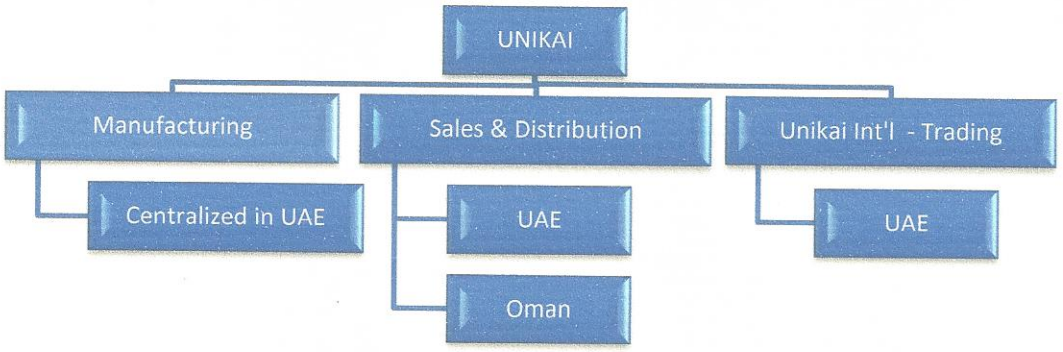
Also, as briefed above, there were exceptional provisions of old inventory of raw materials, spare parts and impairment losses recognized during the year due to the closure of manufacturing plant in Oman. These charges, which are one off in nature, amounted to AED 24.5 million.



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In year 2015, we continue to reinforce the initiatives we have implemented in the year 2014 and have already started to realize most of the benefits in accordance with our plans. Despite of very challenging operating environment we have started to deliver and exceed most of our financial goals for the year 2015. Our long term goal remains to transform Unikai into a company that deliver sustainable growth and value for its shareholders.

In the year 2015, we are also working on a new operating structure of the company. We want to change the operating model of the company from a loose geographical wise structure to a tighter business unit based operating structure. This would help us improve our performance in all business segments by having a clear focus. The revised organization structure of the company is as follows:



In addition to the above, the board has also taken steps to implement high standards of corporate governance and transparency. The Board has also taken further steps to embed right culture throughout the company by re-communicating the Company's short term and long term goals and objectives to all the employees. We also communicate and reiterate to our employees the sets of values and beliefs that we expect of all our people. We will continue to take steps to ensure that these values and beliefs are fully understood and acted upon since they underpin the long-term value of Unikai.

I would like to express my gratitude and appreciation to leaders of the UAE, their highness Sheikh Khalifa Bin Zayed Al Nahyan, President of the UAE and Sheikh Mohammed Bin Rashid Al Maktoum, Vice President, Prime Minister of the UAE and ruler of Dubai and their brothers and members of Federal National Council for providing us with the business environment and infrastructure necessary to build a strong and prosperous business. The UAE economy continues to be strong and is truly the engine behind the continued success of our business.

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At the end, I would like to thank the management team and employees of Unikai who have relentlessly strived through difficult times and demonstrated that success happens through hard work, dedication, commitment and team work. The team has demonstrated its ability and endurance to implement tough decisions in the long term interest of the company. Also I would like to thank all our business partners, suppliers, customer, bankers and business associates who continue to provide their support and demonstrate their commitment towards helping us achieve our objectives.

Yours,

Chairman
Mana Al Mulla
United Kaipara Dairies (PSC)

March 3rd,2015

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