UNITED KAIPARA DAIRIES COMPANY (PSC)
AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

PERIOD ENDED 30 JUNE 2012

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PERIOD ENDED 30 JUNE 2012

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF UNITED KAIPARA DAIRIES COMPANY (PSC)

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of UNITED KAIPARA DAIRIES COMPANY (PSC) ("the Company") and its subsidiary UNIKAI AND COMPANY LLC ("the Subsidiary") (collectively referred to as "the Group"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2012 and the related condensed consolidated income statement for three-month and six-month period then ended, statement of comprehensive income for three-month and six-month period then ended, statement of changes in equity and statement of cash flows for the six month period then ended ("the condensed consolidated interim financial information") , and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2011 and the condensed consolidated interim financial information of the Group for the quarter and period ended 30 June 2011 were audited and reviewed respectively, by another auditor who expressed an unmodified audit opinion and review conclusion on those statements on 7 June 2012 and 31 July 2011, respectively.

SDPereira

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Partner
Registration No. 552
Dubai, United Arab Emirates
Date: 13 AUG 2012

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2012

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)
Revenue		81,605	117,256	144,321	211,552
Cost of sales	4	(48,829)	(80,689)	(95,573)	(148,664)
Gross profit		32,776	36,567	48,748	62,888
Administrative and general expenses	5	(33,695)	(28,439)	(59,440)	(54,952)
Finance expenses		–	(396)	–	(544)
Other income		1,784	752	2,196	1,822
Profit/(loss) before tax		865	8,484	(8,496)	9,214
Provision for tax		(57)	(90)	(105)	(176)
Profit/(loss) after tax		808	8,394	(8,601)	9,038
Earnings per share					
Basic earnings per share in AED	15	3	28	(28)	30

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.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2012

	Three-month period ended 30 June		Six-month period ended 30 June	
	2012	2011	2012	2011
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(loss) for the period	808	8,394	(8,601)	9,038
Other comprehensive income:				
Net change in fair value of available-for-sale investments	(53)	(35)	26	(85)
Total comprehensive income for the period	755	8,359	(8,575)	8,953

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
30 JUNE 2012

	Notes	30 June 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)	30 June 2011 AED'000 (Unaudited)
ASSETS				
NON-CURRENT ASSETS				
Capital advance	6	785	--	--
Property, plant and equipment	7	63,568	68,321	71,754
Available-for-sale investments	8	5,820	5,794	5,879
		70,173	74,115	77,633
CURRENT ASSETS				
Inventories	9	59,825	68,005	93,345
Trade and other receivables	10	41,693	42,030	49,112
Cash at bank and in hand		4,668	1,649	1,818
		106,186	111,684	144,275
TOTAL ASSETS		176,359	185,799	221,908
EQUITY AND LIABILITITES				
EQUITY				
Share capital		30,250	30,250	30,250
Reserves		98,293	106,868	121,939
TOTAL EQUITY		128,543	137,118	152,189
NON-CURRENT LIABILITY				
Employee end-of-service benefit		9,535	12,212	11,661
CURRENT LIABILITIES				
Trade and other payables	11	36,640	29,429	50,796
Amounts due to related parties	12	1,641	3,961	717
Bank overdraft		--	3,079	6,545
		38,281	36,469	58,058
TOTAL LIABILITIES		47,816	48,681	69,719
TOTAL EQUITY AND LAIBILITIES		176,359	185,799	221,908

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 13 AUG 2012

OBAID SAEED AL MULLA
Chairman

MOSTAFA SIDKI
Chief Executive Officer

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2012

	Share capital	Legal reserve	Restricted reserve	General reserve	Fixed assets replacement reserve	Retained earnings	Proposed dividend/ bonus shares	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 (Audited)	27,500	13,965	576	83,300	15,000	27	9,625	750	118	150,861
Total comprehensive income for the period										
Profit for the period	--	--	--	--	--	9,038	--	--	--	9,038
Other comprehensive income										
Net change in fair value of available-for-sale investments	--	--	--	--	--	--	--	--	(85)	(85)
Total comprehensive income for the period	--	--	--	--	--	9,038	--	--	(85)	8,953
Transactions with owners, recorded directly in equity										
Contribution by and distributions to owners of the Company										
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 Company	2,750	--	--	--	--	--	(9,625)	(750)	--	(7,625)
At 30 June 2011 (Unaudited)	30,250	13,965	576	83,300	15,000	9,065	--	--	33	152,189

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2012 (CONTINUED)

	Share capital	Legal reserve	Restricted reserve	General reserve	Fixed assets replacement reserve	Retained earnings	Proposed dividend/ bonus shares	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 (Audited)	30,250	13,965	576	83,300	15,000	(5,921)	--	--	(52)	137,118
Total comprehensive income for the period										
Loss for the period	--	--	--	--	--	(8,601)	--	--	--	(8,601)
Other comprehensive income										
Net change in fair value of available-for-sale investments	--	--	--	--	--	--	--	--	26	26
Total comprehensive income for the period	--	--	--	--	--	(8,601)	--	--	26	(8,575)
Transactions with owners, recorded directly in equity										
Contribution by and distributions to owners of the Company										
Total contributions by and distribution to owners of the Company	--	--	--	--	--	--	--	--	--	--
At 30 June 2012 (Unaudited)	30,250	13,965	576	83,300	15,000	(14,522)	--	--	(26)	128,543

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 of profit has been made to the legal reserve, restricted reserve, general reserve and fixed assets replacement reserves for the six month period ended 30 June 2012 as it would be affected at the year-end.

The accompanying notes form an integral part of this condensed consolidated interim financial information.
The review report of the independent auditor is set forth on page 1.

UNITED KAIPARA DAIRIES COMPANY (PSC) AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2012

	Six- month period ended 30 June 2012 AED'000 (Unaudited)	Six- month period ended 30 June 2011 AED'000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit after tax for the period	(8,601)	9,038
Adjustments for:		
Depreciation of property, plant and equipment	6,573	7,083
Profit on disposal of properly, plant and equipment	(1,555)	(84)
Provision for tax	105	176
Operating (loss)/profit before changes in operating assets and liabilities	(3,478)	16,213
Decrease/(increase) in inventories	8,180	(6,137)
Decrease/(increase) in trade and other receivables	337	(5,833)
Increase in trade and other payables	7,154	2,324
Decrease in employees end of service benefits	(2,677)	--
Tax paid	(48)	(143)
Net cash from operating activities	9,468	6,424
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,977	232
Capital advance paid	(785)	--
Purchase of property, plant and equipment	(2,242)	(2,296)
Net cash used in investing activities	(1,050)	(2,064)
Cash flows from financing activities		
Directors' fees paid	--	(750)
(Decrease)/increase in amounts due to related parties	(2,320)	224
Dividend paid	--	(6,875)
Net cash used in financing activities	(2,320)	(7,401)
Net increase/(decrease) in cash and cash equivalents	6,098	(3,041)
Cash and cash equivalents at the beginning of the period	(1,430)	(1,686)
Cash and cash equivalents at end of period	4,668	(4,727)
Cash and cash equivalents comprise of the following		
Cash in hand and at bank	4,668	1,818
Bank overdraft	--	(6,545)
	4,668	(4,727)

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2012

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 14.

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 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 2011.

The accounting policies applied in the preparation of the condensed consolidated financial information are consistent with those applied in the annual consolidated financial statements of the Group for the year ended 31 December 2011.

Further, results for the six month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The condensed consolidated interim financial information of the Group, 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.

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 2011.

		Three-month period ended 30 June		Six-month period ended 30 June	
		2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)
4.	**COST OF SALES**				
	Materials consumed	43,812	79,410	93,630	144,896
	Depreciation	1,603	1,393	3,169	2,782
	Other direct costs	1,135	1,103	2,170	2,223
		46,550	81,906	98,969	149,901
	Changes in inventories of semi-finished, finished and trading goods	2,279	(1,217)	(3,396)	(1,237)
		48,829	80,689	95,573	148,664
5.	**ADMINISTRATIVE AND GENERAL EXPENSES**				
	Staff costs	13,662	11,223	24,846	22,596
	Depreciation	1,706	2,144	3,404	4,301
	Commercial vehicle expenses	3,784	5,991	7,582	10,830
	Utilities	2,700	2,990	5,215	5,704
	Other expenses	11,843	6,091	18,393	11,521
		33,695	28,439	59,440	54,952

6. **CAPITAL ADVANCE**

Capital advance represents advance for installation and implementation of ERP package. (Six month period ended 30 June 2011 AED Nil)

7. **PROPERTY, PLANT AND EQUIPMENT**

Additions and disposals (Unaudited)

During the six month period ended 30 June 2012, the Group acquired assets amounting AED 2.24 million (six month period ended 30 June 2011: AED 2.3 million).

8. **AVAILABLE-FOR-SALE INVESTMENTS**

	30 June 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)	30 June 2011 AED'000 (Unaudited)
Opening balance	5,794	5,964	5,964
Gain/(loss) on fair valuation	26	(170)	(85)
Closing balance	5,820	5,794	5,879

These include investment amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (year ended 31 December 2011: AED 5.6 million). Since the investments 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.

		30 June 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)	30 June 2011 AED'000 (Unaudited)
9.	**INVENTORIES**			
	Raw materials and packing materials	40,123	46,361	46,194
	Semi-finished goods	3,585	2,255	3,284
	Finished goods	7,310	5,244	6,260
	Trading stocks	5,970	14,563	19,270
	Consumable stores and spare parts	9,826	7,865	9,359
		66,814	76,288	84,367
	Less: provision for slow moving inventory	(7,238)	(9,142)	(3,791)
		59,576	67,146	80,576
	Goods-in-transit	249	859	12,769
		59,825	68,005	93,345
10.	**TRADE AND OTHER RECEIVABLES**			
	Trade receivables	41,641	39,270	44,523
	Less: provision for bad and doubtful debts	(3,888)	(3,750)	(3,244)
		37,753	35,520	41,279
	Advances, deposits and prepayments	3,940	6,510	7,833
		41,693	42,030	49,112
11.	**TRADE AND OTHER PAYABLES**			
	Trade payables	23,663	16,807	31,791
	Other payables and accruals	12,870	12,572	18,430
	Provision for taxation*	107	50	575
		36,640	29,429	50,796

*The tax charge 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.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)
12. RELATED PARTY TRANSACTIONS				
Sales to related parties				
- United Foods Company PSC	--	19,443	--	33,762
- Do Freeze	--	--	--	2,210
Purchases from related parties				
- United Foods Company PSC	--	2,999	--	3,767
- Do Freeze	--	1,178	--	3,847
- United Cans Company LLC	17	--	130	--
Compensation to key management personnel				
Employee benefits (including remuneration)	396	427	792	927

	30 June 2012 AED'000 (Unaudited)	31 December 2011 AED'000 (Audited)	30 June 2011 AED'000 (Unaudited)
Due to related parties			
- United Foods Company PSC	1,465	3,407	488
- Do Freeze	97	385	--
- United Cans Company LLC	79	169	229
	1,641	3,961	717
13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS			
Letters of credit	19,920	764	1,053
Bank guarantees	5,387	5,076	5,227
Capital commitments	1,470	--	2,179

14. 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.

15. BASIC EARNINGS PER SHARE

	Three-month period ended 30 June		Six-month period ended 30 June	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Net profit attributable to Owners (AED '000)	808	8,394	(8,601)	9,038
Weighted average number of shares outstanding	302,500	302,500	302,500	302,500

16. 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 statement of financial position, income statement, statement of comprehensive income and notes to the financial statements. Additional information required by IFRS 8: Segment Reporting is disclosed below:

Information about geographical segments

	Three-month period ended 30 June		Six-month period ended 30 June	
	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)	2012 AED'000 (Unaudited)	2011 AED'000 (Unaudited)
Sales to customers in				
- United Arab Emirates (UAE)	43,784	74,539	80,349	129,970
- Outside UAE	37,821	42,717	63,972	81,582
	81,605	117,256	144,321	211,552

Major customers

During the period ended 30 June 2012, there were no customers of the Group with revenues greater than 10% of the total Group revenue (period ended 30 June 2011: AED Nil).

17. PROPOSED DIVIDEND

The Board of Directors does not propose any interim dividend for the quarter and half year ended 30 June 2012 (quarter and half year ended 30 June 2011: AED Nil).

18. 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.