UNITED KAIPARA DAIRIES COMPANY (PSC)
AND ITS SUBSIDIARY

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

PERIOD ENDED 31 MARCH 2012

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CONTENTS **PAGE**

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 31 March 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flows for the three-month period then ended, and a summary of significant 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 three month period ended 31 March 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 28 April 2011, respectively.

SDPereira

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13 AUG 2012

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CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2012

	Notes	Three-month period ended 31 March 2012 AED '000 (Unaudited)	Three-month period ended 31 March 2011 AED '000 (Unaudited)
Revenue		62,716	94,296
Cost of sales	4	(46,744)	(67,975)
Gross profit		15,972	26,321
Administrative and general expenses	5	(25,745)	(26,513)
Finance expense		--	(148)
Other income		412	1,070
(Loss)/profit before tax		(9,361)	730
Provision for tax		(48)	(86)
(Loss)/profit after tax		(9,409)	644
Earnings per share			
Basic earnings per share in AED		(31)	2

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 31 MARCH 2012

	Three-month period ended 31 March 2012 AED '000 (Unaudited)	Three-month period ended 31 March 2011 AED '000 (Unaudited)
(Loss)/profit for the period	(9,409)	644
Other comprehensive income		
Net change in fair value of available-for-sale investments	79	(50)
Total comprehensive income for the period	(9,330)	594

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
31 MARCH 2012

	Notes	31 March 2012 AED '000 (Unaudited)	31 December 2011 AED '000 (Audited)	31 March 2011 AED '000 (Unaudited)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	6	65,628	68,321	73,966
Available-for-sale investments	7	5,873	5,794	5,914
		71,501	74,115	79,880
CURRENT ASSETS				
Inventories	8	51,330	68,005	102,930
Trade and other receivables	9	34,562	42,030	42,782
Cash at bank and in hand		17,141	1,649	1,196
		103,033	111,684	146,908
TOTAL ASSETS		174,534	185,799	226,788
EQUITY AND LIABILITITES				
EQUITY				
Share capital		30,250	30,250	27,500
Reserves		97,538	106,868	123,955
TOTAL EQUITY		127,788	137,118	151,455
NON CURRENT LIABILITIES				
Employees end of service benefits		10,844	12,212	11,498
CURRENT LIABILITIES				
Trade and other payables	10	34,343	29,429	48,716
Due to related parties	11	1,559	3,961	567
Bank overdraft		–	3,079	14,552
		35,902	36,469	63,835
TOTAL LIABILITIES		46,746	48,681	75,333
TOTAL EQUITY AND LAIBILITIES		174,534	185,799	226,788

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 31 MARCH 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	--	--	--	--	--	644	--	--	--	644
Other comprehensive income	--	--	--	--	--	--	--	--	--	--
Net change in fair value of Available-for-sale investments	--	--	--	--	--	--	--	--	(50)	(50)
Total comprehensive income for the period	--	--	--	--	--	644	--	--	(50)	594
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 31 March 2011 (Unaudited)	**27,500**	**13,965**	**576**	**83,300**	**15,000**	**671**	**9,625**	**750**	**68**	**151,455**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 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 year										
Loss for the period	--	--	--	--	--	(9,409)	--	--	--	(9,409)
Other comprehensive income										
Net change in fair value of available-for-sale financial asset	--	--	--	--	--	--	--	--	79	79
Total comprehensive income for the period	--	--	--	--	--	(9,409)	--	--	79	(9,330)
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 31 March 2012 (Unaudited)	30,250	13,965	576	83,300	15,000	(15,330)	--	--	27	127,788

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, general reserve and fixed assets replacement reserves for the three-month period ended 31 March 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 31 MARCH 2012

	Three-month period ended 31 March 2012 AED '000 (Unaudited)	Three-month period ended 31 March 2011 AED '000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit after tax for the period	(9,409)	644
Adjustments for:		
Depreciation of property, plant and equipment	3,262	3,546
Profit on disposal of properly, plant and equipment	(140)	(51)
Provision for tax	48	86
Operating (loss)/profit before changes in operating assets and liabilities	(6,239)	4,225
Decrease/(increase) in inventories	16,675	(15,722)
Decrease in trade and other receivables	7,468	497
Increase/(decrease) in trade and other payables	4,914	(78)
(Decrease)/ increase in employees end of service benefits	(1,368)	249
Tax paid	(48)	(143)
Net cash from/(used in) operating activities	21,402	(10,972)
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	214	167
Purchase of property, plant and equipment	(643)	(939)
Net cash used in investing activities	(429)	(772)
Cash flows from financing activities		
(Decrease)/increase in amounts due to related parties	(2,402)	74
Net cash (used in)/ from financing activities	(2,402)	74
Net increase/(decrease) in cash and cash equivalents	18,571	(11,670)
Cash and cash equivalents at the beginning of the period	(1,430)	(1,686)
Cash and cash equivalents at end of period	17,141	(13,356)
Cash and cash equivalents comprise of the following		
Cash in hand and at bank	17,141	1,198
Bank overdraft	--	(14,552)
	17,141	(13,356)

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 13.

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 interim condensed consolidated 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 three-month period ended 31 March 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 information as at and for the year ended 31 December 2011.

	Three-month period ended 31 March 2012 AED '000 (Unaudited)	Three-month period ended 31 March 2011 AED '000 (Unaudited)
4. COST OF SALES		
Materials consumed	40,353	70,453
Depreciation	1,566	1,389
Other direct costs	1,034	1,120
	42,953	72,962
Changes in inventories of semi-finished, finished and trading goods	3,791	(4,987)
	46,744	67,975
5. ADMINISTRATIVE AND GENERAL EXPENSES		
Staff costs	11,184	11,373
Depreciation	1,696	2,157
Commercial vehicle expenses	3,798	4,839
Utilities	2,515	2,714
Other expenses	6,552	5,430
	25,745	26,513

6. **PROPERTY, PLANT AND EQUIPMENT**

Additions and disposals (Unaudited)

During the quarter ended 31 March 2012, the Group acquired assets amounting AED 0.6 million (quarter ended 31 March 2011: AED 0.9 million).

7. **AVAILABLE-FOR-SALE INVESTMENTS**

	31 March 2012 AED '000 (Unaudited)	31 December 2011 AED '000 (Audited)	31 March 2011 AED '000 (Unaudited)
Opening balance	5,794	5,964	5,964
Gain/(loss) on fair valuation	79	(170)	(50)
Closing balance	5,873	5,794	5,914

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.

		31 March 2012 AED '000 (Unaudited)	31 December 2011 AED '000 (Audited)	31 March 2011 AED '000 (Unaudited)
8.	**INVENTORIES**			
	Raw materials and packing materials	31,380	46,361	56,354
	Semi-finished goods	6,860	2,255	2,790
	Finished goods	6,315	5,244	5,537
	Trading stocks	5,096	14,563	18,423
	Consumable stores and spare parts	9,080	7,865	9,324
		58,731	76,288	92,428
	Less: Provision for slow moving inventory	(8,824)	(9,142)	(3,791)
		49,907	67,146	88,637
	Goods-in-transit	1,423	859	14,293
		51,330	68,005	102,930
9.	**TRADE AND OTHER RECEIVABLES**			
	Trade receivables	34,615	39,270	38,066
	Less: Provision for bad and doubtful debts	(4,228)	(3,750)	(3,626)
		30,387	35,520	34,440
	Advances, deposits and prepayments	4,175	6,510	8,342
		34,562	42,030	42,782
10.	**TRADE AND OTHER PAYABLES**			
	Trade payables	21,053	16,807	31,443
	Other payables and accruals	13,240	12,572	16,788
	Provision for taxation*	50	50	485
		34,343	29,429	48,716

*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 31 March 2012 AED '000 (Unaudited)	Twelve-month year ended 31 December 2011 AED '000 (Audited)	Three-month period ended 31 March 2011 AED '000 (Unaudited)
11. **RELATED PARTY TRANSACTIONS**			
Sales to related parties			
- United Foods Company PSC	--	47,320	14,319
- Do Freeze	--	69	2,210
- United Cans Company LLC	--	1	--
Purchases from related parties			
- United Foods Company PSC	--	13,538	768
- Do Freeze	--	11,514	2,669
- United Cans Company LLC	113	572	--
- Bi Global	--	125	--
Sales of fixed assets			
- United Food Company (PSC)	--	1,554	--
Purchase of fixed assets			
- United Foods Company PSC	--	75	--
- Bi Global	--	749	--
Compensation to key management personnel is as follows:			
Employee benefits (including remuneration)	396	1,696	400

	31 March 2012 AED '000 (Unaudited)	31 December 2011 AED '000 (Audited)	31 March 2011 AED '000 (Unaudited)
Due to related parties			
- United Foods Company PSC	1,268	3,407	430
- Do Freeze	97	385	--
- United Cans Company LLC	194	169	137
	1,559	3,961	567

	31 March 2012 AED '000 (Unaudited)	31 December 2011 AED '000 (Audited)	31 March 2011 AED '000 (Unaudited)
12. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS			
Letters of credit	8,829	764	996
Bank guarantees	5,076	5,076	4,427
Capital commitments	2,072	-	2,517

13. 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.

14. PROPOSED DIVIDEND

The Board of Directors does not propose any interim dividends for the three-month period ended 31 March 2012 (quarter ended 31 March 2011: AED Nil).