

Unikai Foods (P.J.S.C.) and its
subsidiary

(formerly United Kaipara Dairies Company
(P.S.C.) and its subsidiary)

Condensed consolidated interim financial
information

30 September 2015

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(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Unikai Foods (P.J.S.C.)

Introduction

We have reviewed the accompanying 30 September 2015 condensed consolidated interim financial information of Unikai Foods (P.J.S.C.) (formerly United Kaipara Dairies Company (P.S.C.)) ("the Company") and its subsidiary (collectively referred to as the "Group"), which comprises:

- the condensed consolidated income statement for the three and nine month period ended 30 September 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and nine month period ended 30 September 2015;
- the condensed consolidated statement of financial position as at 30 September 2015;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 2015;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2015; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 30 September 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



Independent auditors' report on review of condensed consolidated interim financial information *(continued)*

Emphasis of a matter

Without qualifying our conclusion above, we draw attention to:

- (i) Note 2 to the condensed consolidated interim financial information which states that the condensed consolidated interim financial information has been prepared on a going concern basis notwithstanding the fact that the Group has accumulated losses of AED 5.16 million as at 30 September 2015. In accordance with Article 285 of the UAE Federal Law No. 8 of 1984 (as amended), the shareholder have, at an extra ordinary general meeting held on 25 March 2015, agreed to continue the operations of the Group. The Group has also initiated steps to reorganize the business including seeking additional financing from banks to remedy the situation.
- (ii) Note 13 to the condensed consolidated interim financial information which states that bank borrowings are subject to certain financial covenants. As at 30 September 2015, the Group has not complied with these financial covenants as specified in the facility letters agreed with the banks. However, based on the relationship with the creditor banks, the Group's Directors have confirmed that the above mentioned non-compliance is not likely to affect the continuation of the Group's bank facilities and hence will not have a significant impact on the operations.

Other matter

The condensed consolidated interim financial information of the Group as at 30 September 2014 and for the three and nine month period then ended was reviewed by another auditor, whose report dated 8 November 2014 expressed an unqualified review conclusion. Furthermore, the consolidated financial statements of the Group as at and for the year ended 31 December 2014 were audited by another auditor, whose report dated 2 March 2015 expressed an unqualified opinion on those statements.

Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

04 NOV 2015

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Condensed consolidated income statement (unaudited)
for the nine month period ended 30 September 2015

		Three month period ended 30 September		Nine month period ended 30 September	
	Note	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Revenue		80,462	81,346	236,739	251,402
Cost of sales	3	(54,100)	(66,392)	(152,452)	(201,838)
		-----	-----	-----	-----
Gross profit		26,362	14,954	84,287	49,564
Administrative and distribution expense	4	(22,026)	(24,506)	(76,099)	(80,821)
		-----	-----	-----	-----
Operating profit/(loss) for the period		4,336	(9,552)	8,188	(31,257)
Finance costs		(689)	(597)	(2,619)	(1,675)
Other income	5	651	804	5,031	3,027
		-----	-----	-----	-----
Profit/(loss) for the period before tax		4,298	(9,345)	10,600	(29,905)
Tax expense		(57)	(57)	(171)	(171)
		-----	-----	-----	-----
Profit/(loss) for the period		4,241	(9,402)	10,429	(30,076)
		=====	=====	=====	=====
Profit/(loss) attributable to:					
Owners of the Company		4,241	(9,402)	10,429	(30,076)
		=====	=====	=====	=====
Earnings per share					
Basic earnings per share (AED)	20	0.14	(0.31)	0.34	(0.99)
		=====	=====	=====	=====

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Condensed consolidated statement of profit or loss and other comprehensive income
(unaudited)
for the nine month period ended 30 September 2015

	Three month period ended 30 September		Nine month period ended 30 September	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Profit/(loss) for the period	4,241	(9,402)	10,429	(30,076)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Net change in fair value of available-for-sale investments	(76)	188	(83)	224
<i>Other comprehensive income/(expense) for the period</i>	(76)	188	(83)	224
Total comprehensive income/(expense) for the period	<u>4,165</u>	<u>(9,214)</u>	<u>10,346</u>	<u>(29,852)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the Company	<u>4,165</u>	<u>(9,214)</u>	<u>10,346</u>	<u>(29,852)</u>

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Condensed consolidated statement of financial position
as at 30 September 2015

		30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
	Note			
Non-current assets				
Property, plant and equipment	6	23,775	41,056	50,494
Intangible assets		598	1,011	1,149
Available-for-sale investments	7	6,012	6,095	6,432
		<u>30,385</u>	<u>48,162</u>	<u>58,075</u>
Current assets				
Inventories	8	40,331	34,668	52,409
Trade and other receivables	9	39,187	29,884	43,401
Cash in hand and at bank	10	3,521	1,638	2,110
Assets held for sale	11	15,169	1,720	-
		<u>98,208</u>	<u>67,910</u>	<u>97,920</u>
Total assets		<u>128,593</u>	<u>116,072</u>	<u>155,995</u>
Equity				
Share capital		30,250	30,250	30,250
Legal reserve	12	-	13,965	13,965
Restricted reserve		576	576	576
General reserve	12	-	83,300	83,300
Fixed assets replacement reserve	12	-	15,000	15,000
Accumulated losses	12	(5,163)	(127,857)	(92,117)
Fair value reserve		166	249	586
		<u>25,829</u>	<u>15,483</u>	<u>51,560</u>
Non-current liability				
Employee end-of-service benefits		7,331	7,829	8,773
Current liabilities				
Short term borrowings	13	51,390	47,910	46,513
Trade and other payables	14	43,238	44,115	48,472
Provision for tax	15	805	735	677
		<u>95,433</u>	<u>92,760</u>	<u>95,662</u>
Total liabilities		<u>102,764</u>	<u>100,589</u>	<u>104,435</u>
Total equity and liabilities		<u>128,593</u>	<u>116,072</u>	<u>155,995</u>

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorized for issue on behalf of the Board of Directors on 04 NOV 2015


Director


Director

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Condensed consolidated statement of cash flows (unaudited)
for the nine month period ended 30 September 2015

	30 September 2015 AED 000	30 September 2014 AED 000
Cash flows from operating activities		
Profit/(loss) for the period before tax	10,600	(29,905)
<i>Adjustments for:</i>		
Depreciation	4,666	8,271
Amortisation of intangible assets	413	412
Dividend income	-	(341)
Finance costs	2,619	1,675
Provision for slow moving inventories	-	138
Credit balances written back	-	(430)
Other receivables written off	-	380
Provision for impairment of trade receivables	-	666
Gain on disposal of property, plant and equipment (net)	(3,267)	(924)
Provision for employee end-of-service benefit	735	1,440
	<u>15,766</u>	<u>(18,618)</u>
<i>Changes in:</i>		
- inventories	(5,663)	3,932
- trade and other receivables	(9,303)	3,331
- trade and other payables	(877)	7,882
Employee end-of-service benefits paid	(1,233)	(1,007)
Taxes paid	(101)	-
	<u>(1,411)</u>	<u>(4,480)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3,976	1,034
Acquisition of property, plant and equipment	(1,543)	(3,216)
Dividend received	-	341
	<u>2,433</u>	<u>(1,841)</u>
Net cash from/(used in) investing activities		
Cash flows from financing activities		
Net movement in bank borrowings	20,425	11,334
Dividend paid	-	(10)
Interest paid	(2,619)	(1,675)
	<u>17,806</u>	<u>9,649</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	<u>18,828</u>	<u>3,328</u>
Cash and cash equivalents at the beginning of the period	(17,825)	(21,881)
Cash and cash equivalents at end of period	<u>1,003</u>	<u>(18,553)</u>
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	3,521	2,110
Bank overdraft (note 13)	(2,518)	(20,663)
	<u>1,003</u>	<u>(18,553)</u>

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Condensed consolidated statement of changes in equity
for the nine month period ended 30 September 2015

	Share capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Fixed assets replacement Reserve AED'000	Accumulated losses AED'000	Fair value reserve AED'000	Total AED'000
Balance at 1 January 2014 (audited)	30,250	13,965	576	83,300	15,000	(62,041)	362	81,412
<i>Total comprehensive income for the period (unaudited)</i>								
Loss for the period	-	-	-	-	-	(30,076)	-	(30,076)
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	224	224
<i>Total comprehensive income for the period</i>	-	-	-	-	-	(30,076)	224	(29,852)
Balance at 30 September 2014 (unaudited)	30,250	13,965	576	83,300	15,000	(92,117)	586	51,560
Balance at 1 January 2015 (audited)	30,250	13,965	576	83,300	15,000	(127,857)	249	15,483
<i>Total comprehensive income for the period (unaudited)</i>								
Profit for the period	-	-	-	-	-	10,429	-	10,429
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	(83)	(83)
<i>Total comprehensive income for the period</i>	-	-	-	-	-	10,429	(83)	10,346
Other equity movements								
Transfers to accumulated losses (refer note 12)	-	(13,965)	-	(83,300)	(15,000)	112,265	-	-
Balance at 30 September 2015 (unaudited)	30,250	-	576	-	-	(5,163)	166	25,829

The notes set out on pages 8 to 18 form an integral part of these condensed consolidated interim financial information.

Unikai Foods (P.J.S.C.) and its subsidiary

(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2015 (unaudited)

1. Reporting entity

Unikai Foods (P.J.S.C.) (formerly United Kaipara Dairies Company (P.S.C.)) ("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 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 19. The Company is listed on the Dubai Financial Market.

The Group is engaged in the manufacturing of dairy, juice and ice cream products and import of various kinds of food products for distribution throughout the Gulf and other countries. 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.

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the change in the name of the Company from its existing name "United Kaipara Dairies P.S.C." to "Unikai Foods P.J.S.C.".

2. Basis of preparation

Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2014.

Going concern

The condensed consolidated financial information states that this condensed consolidated interim financial information has been prepared on a going concern basis notwithstanding the fact that the Group has accumulated losses of AED 5.16 million as at 30 September 2015. In accordance with Article 285 of the UAE Federal Law No. 8 of 1984 (as amended), the shareholders have, at an extra ordinary general meeting held on 25 March 2015, agreed to continue the operations of the Group. The Group has also initiated steps to reorganize the business including seeking additional financing from banks to remedy the situation.

Functional and presentation currency

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. The condensed consolidated interim financial information has been prepared under the historical cost convention, except for financial instruments classified as available-for-sale and stated at fair value.

Unikai Foods (P.J.S.C.) and its subsidiary

(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information for the nine month period ended 30 September 2015 (unaudited)

2. Basis of preparation (continued)

Accounting estimates and judgments

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2014.

Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014. Certain comparative amounts have been regrouped and/or reclassified to conform to the current's period presentation.

Financial assets and liabilities

The accounting policies, classifications and measurement principles for financial assets and liabilities applied by the Group in these consolidated interim financial information are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014. These are disclosed in detail under notes 4 and 5 in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2015 (unaudited)

3. Cost of sales

	Three month period ended 30 September		Nine month period ended 30 September	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Manufacturing:				
Raw material, packing materials and stores and spares consumed	30,815	39,271	94,777	131,108
Utilities	3,098	2,910	7,690	7,890
Staff salaries and benefits	2,557	2,156	7,298	7,988
Depreciation	929	1,643	2,894	4,986
Other direct costs	7,962	7,608	13,667	12,533
	<u>45,361</u>	<u>53,588</u>	<u>126,326</u>	<u>164,505</u>
Changes in inventories of semi- finished and finished goods	1,143	1,778	(61)	(245)
(A)	<u>46,504</u>	<u>55,366</u>	<u>126,265</u>	<u>164,260</u>
Trading:				
Inventories, beginning of the period	9,045	7,748	7,872	5,880
Purchases (including direct expenses)	6,753	12,912	26,517	41,332
Inventories, end of the period	(8,202)	(9,634)	(8,202)	(9,634)
(B)	<u>7,596</u>	<u>11,026</u>	<u>26,187</u>	<u>37,578</u>
(A) + (B)	<u><u>54,100</u></u>	<u><u>66,392</u></u>	<u><u>152,452</u></u>	<u><u>201,838</u></u>

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2015 (unaudited)

4. Administrative and distribution expenses

	Three month period ended 30 September		Nine month period ended 30 September	
	2015 AED 000	2014 AED 000	2015 AED 000	2014 AED 000
Staff salaries and benefits	10,784	13,299	31,445	37,980
Advertisement and other selling expenses	5,233	2,239	15,122	9,355
Commercial vehicle expenses	4,107	5,445	10,795	16,271
(Reversal)/provision for slow moving inventories	(750)	-	-	138
Depreciation	465	1,035	1,772	3,285
Amortisation of intangible assets	138	138	413	412
Provision for impairment of trade receivables	-	250	-	666
Other receivables written off	-	380	-	380
Other expenses	2,049	1,720	16,552	12,334
	<u>22,026</u>	<u>24,506</u>	<u>76,099</u>	<u>80,821</u>

5. Other income

Other income for the nine month period ended 30 September 2015 mainly includes gain on disposal of property, plant and equipment (primarily vehicles) amounting to AED 3.27 million (*nine month period ended 30 September 2014: AED 0.9 million*).

6. Property, plant and equipment

Additions and disposals (unaudited)

During the nine month period ended 30 September 2015, the Group acquired assets amounting to AED 1.5 million and disposed off assets with a net book value of AED 0.7 million (*nine month period ended 30 September 2014: AED 3.21 million and AED 0.11 million, respectively*).

Further during the current period, the Directors approved the closure of its Sohar factory in Oman and also decided to dispose off the factory assets. Consequently, operating assets having a net book value amounting to AED 2.23 million were transferred from Oman to the UAE factory and the remaining assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets. Also refer note 11.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2015 (unaudited)

7. Available-for-sale investments

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Opening balance	6,095	6,208	6,208
Change in fair value	(83)	(113)	224
Closing balance	<u>6,012</u>	<u>6,095</u>	<u>6,432</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC (31 December 2014: AED 5.6 million). Since the investments in Rawabi Emirates PJSC 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.

8. Inventories

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Raw materials and packing materials	29,454	26,716	28,716
Semi-finished goods	1,460	935	1,883
Finished goods	7,094	7,558	6,554
Trading goods	8,202	7,872	9,634
Consumables stores and spare parts	6,634	7,971	8,827
	<u>52,844</u>	<u>51,052</u>	<u>55,614</u>
Less: Provision for slow-moving inventories	<u>(13,223)</u>	<u>(17,515)</u>	<u>(5,224)</u>
	<u>39,621</u>	<u>33,537</u>	<u>50,390</u>
Goods-in-transit	710	1,131	2,019
	<u>40,331</u>	<u>34,668</u>	<u>52,409</u>

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information
for the nine month period ended 30 September 2015 (unaudited)

9. Trade and other receivables

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Trade receivables	42,331	31,999	44,206
Less: Provision for impairment of trade receivables	(7,587)	(7,587)	(5,255)
	<u>34,744</u>	<u>24,412</u>	<u>38,951</u>
Advances, deposits and prepayments	4,443	5,472	4,450
	<u>39,187</u>	<u>29,884</u>	<u>43,401</u>

10. Cash in hand and at bank

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Cash in hand	640	497	598
Bank balance in current accounts	2,881	1,141	1,512
	<u>3,521</u>	<u>1,638</u>	<u>2,110</u>

11. Assets held for sale

During the current period, the Directors approved the closure of the Group's Sohar factory in Oman and also decided to dispose off the factory assets. Consequently, assets having a net book value of AED 13.45 million were reclassified from 'Property, plant and equipment' under non-current assets to 'Assets held for sale' under current assets. The efforts to sell the abovementioned assets are ongoing and the sale is expected to complete within twelve months from May 2015. Also refer note 6.

During the previous year the Directors had resolved to dispose of transportation equipment amounting to AED 1.72 million of the Sohar operations in Oman. The sale is expected to complete in 2015.

12. Accumulated losses

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved to transfer general reserve and fixed assets replacement reserve amounting to AED 83.3 million and AED 15 million, respectively, to accumulated losses. Furthermore, the shareholders have also approved the transfer of statutory reserve amounting to AED 14 million to accumulated losses.

Unikai Foods (P.J.S.C.) and its subsidiary
(formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary)

Notes to the condensed consolidated interim financial information
for the nine month period Ended 30 September 2015 (unaudited)

13. Short-term borrowings

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Trust receipts	33,872	28,447	25,850
Bank overdraft	2,518	19,463	20,663
Term loan (refer (i) note below)	15,000	-	-
	=====	=====	=====
	51,390	47,910	46,513

- i) During the current period, the Group has negotiated with a bank to convert an amount of AED 15 million of their outstanding overdraft balances to a long term loan facility which carries interest at normal commercial terms. Term loan is repayable in 24 equal monthly installments commencing from 15 January 2016. The term loan is subject to certain financial covenants including maintaining a debt to equity ratio of 3:1. However as at the reporting date, the Group has not complied with this financial covenant as specified in the facility letter with the bank and accordingly the Group has classified the outstanding balance of AED 15 million as a current borrowing.
- ii) Bank borrowings are mainly secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables and promissory notes.
- iii) Bank overdraft and trust receipts are also subject to certain financial covenants including minimum tangible worth of AED 27 million, current ratio of 1.67 times and leverage ratio not to exceed 3. As at the reporting date, the Group has not complied with some of the financial covenants above as specified in the facility letters with the bank. However, based on the relationship with the creditor banks, the Group's Directors have confirmed that the above mentioned non-compliance is not likely to affect the continuation of the Group's bank facilities and hence will not have a significant impact on the operations.

14. Trade and other payables

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Trade payables	24,999	28,900	35,533
Accruals and others payables	17,843	15,046	12,356
Advance received from customers	396	169	583
	=====	=====	=====
	43,238	44,115	48,472

Unikai Foods (P.J.S.C.) and its subsidiary
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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 provision for taxation of AED 0.8 million as at reporting date is adequate to meet the Group's tax liabilities.

16. Related party transactions

Related parties comprise directors, key management personnel and other related parties.

Significant related party transactions during the period were as follows:

	Three month period ended 30 September		Nine month period ended 30 September	
	2015	2014	2015	2014
	AED 000	AED 000	AED 000	AED 000
Purchases from a related party				
- United Cans Company LLC	45	6	129	205
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>
Compensation to key management personnel is as follows:				
Staff salaries and benefits (including end-of-service benefits)	436	450	1,205	1,350
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

At the reporting date the balances with related parties were as below:

	30 September 2015	31 December 2014	30 September 2014
	AED 000	AED 000	AED 000
	(Unaudited)	(Audited)	(Unaudited)
Trade and other payables			
- Key management personnel	142	166	139
- United Cans Company LLC	60	33	14
	<u>---</u>	<u>---</u>	<u>---</u>
	202	199	153
	<u>==</u>	<u>==</u>	<u>==</u>

17. Capital commitments

	30 September 2015	31 December 2014	30 September 2014
	AED 000	AED 000	AED 000
	(Unaudited)	(Audited)	(Unaudited)
For acquisition, construction or enhancement of property, plant and equipment	-	-	257
	<u>==</u>	<u>==</u>	<u>==</u>

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18. Contingent liabilities

	30 September 2015 AED 000 (Unaudited)	31 December 2014 AED 000 (Audited)	30 September 2014 AED 000 (Unaudited)
Letter of credit	4,080	4,400	4,800
Unutilized balances of commercial letters of credit	9,043	4,106	3,403
	<u> </u>	<u> </u>	<u> </u>

Legal cases

There are few legal cases against the Group by ex-employees, as well as counter cases by the Group against ex-employees. All these cases are now pending before the Court for its hearings and final decisions. During the current period, the Group has paid an amount of AED 0.8 million as final settlement for one of the outstanding legal cases. The management has reviewed the status of all of these legal cases and believes that no further provision is required against the same as at 30 September 2015 (31 December 2014: AED 0.8 million).

19. 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 cream and other food products.

20. Basic earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2015	2014	2015	2014
Net profit/(loss) attributable to owners of the Company (AED'000)	4,241	(9,402)	10,429	(30,076)
Weighted average number of shares outstanding ('000)	30,250	30,250	30,250	30,250
Basic earnings per share in AED	0.14	(0.31)	0.34	(0.99)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

At the Extra Ordinary General Meeting held on 25 March 2015, the shareholders approved the split of nominal value of share from AED 100 per share to AED 1 per share. Share split has become effective from 1 April 2015. Accordingly, weighted average number of shares outstanding has been retrospectively adjusted to include share split approved, for the purpose of calculation of earnings per share.

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21. Segmental reporting

The Group operates in the single reporting segment of diary, juice, ice cream, and other food products. All the relevant information relating to this reporting/operating segment is disclosed in the condensed consolidated statement of financial position, condensed consolidated income statement, condensed consolidated statement of profit or loss and other comprehensive income 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-months period ended 30 September 2015, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (*nine-month period ended 30 September 2014: Nil*)

22. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2014.

Financial assets consist of cash and cash equivalents, trade and other receivables and available-for-sale investments. Financial liabilities consist of short term borrowings, long term borrowings and trade and other payables.

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

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: inputs that are quoted market price (unadjusted) in an active market for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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22. Financial instruments (continued)

Valuation of financial instruments (continued)

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

<i>30 September 2015</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>435</u>	<u>-</u>	<u>5,577</u>	<u>6,012</u>
<i>31 December 2014</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>518</u>	<u>-</u>	<u>5,577</u>	<u>6,095</u>

During the period ended 30 September 2015 and year ended 31 December 2014, there were no transfers between the various levels of fair value measurements.

23. Seasonality

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 seasons (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 other quarters of the same year.