

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 June 2016*

# **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 June 2016*

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1-2
Condensed consolidated income statement	3
Condensed consolidated statement of profit or loss and other comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of cash flows	6
Condensed consolidated statement of changes in equity	7
Notes to the condensed consolidated interim financial information	8-18



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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 June 2016 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 six month period ended 30 June 2016;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three and six month period ended 30 June 2016;
- the condensed consolidated statement of financial position as at 30 June 2016;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2016;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2016; 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.



**Unikai Foods (P.J.S.C.)**

*Independent auditors' report on review of condensed  
consolidated interim financial information  
30 June 2016*

**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 June 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Muhammad Tariq  
Registration No: 793  
Dubai, United Arab Emirates

7 AUG 2016

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

**Condensed consolidated income statement**  
*for the six month period ended 30 June 2016 (unaudited)*

		Three month period ended 30 June		Six month period ended 30 June	
	<i>Note</i>	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
<b>Revenue</b>		92,144	86,615	162,039	153,415
Cost of sales	3	(56,093)	(54,720)	(98,527)	(101,794)
		-----	-----	-----	-----
<b>Gross profit</b>		36,051	31,895	63,512	51,621
Administrative and distribution expense	4	(28,504)	(25,175)	(54,759)	(47,796)
		-----	-----	-----	-----
<b>Operating profit for the period</b>		7,547	6,720	8,753	3,825
Finance costs		(953)	(1,069)	(1,828)	(1,929)
Other income	5	616	1,061	1,479	4,406
		-----	-----	-----	-----
<b>Profit for the period before tax</b>		7,210	6,712	8,404	6,302
Tax expense		(57)	(57)	(113)	(114)
		-----	-----	-----	-----
<b>Profit for the period</b>		<u>7,153</u>	<u>6,655</u>	<u>8,291</u>	<u>6,188</u>
<b>Profit attributable to:</b>					
Owners of the Company		<u>7,153</u>	<u>6,655</u>	<u>8,291</u>	<u>6,188</u>
<b>Earnings per share</b>					
Basic earnings per share (AED)	19	<u>0.24</u>	<u>0.22</u>	<u>0.27</u>	<u>0.20</u>

The notes set out on pages 8 to 18 form 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**  
*for the six month period ended 30 June 2016 (unaudited)*

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>	<b>AED 000</b>
<b>Profit for the period</b>	<b>7,153</b>	<b>6,655</b>	<b>8,291</b>	<b>6,188</b>
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Net change in fair value of available-for-sale investments	(27)	118	4	(7)
	----	-----	---	---
<b>Other comprehensive income/(expense) for the period</b>	<b>(27)</b>	<b>118</b>	<b>4</b>	<b>(7)</b>
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	<b>7,126</b>	<b>6,773</b>	<b>8,295</b>	<b>6,181</b>
	=====	=====	=====	=====
<b>Total comprehensive income attributable to: Owners of the Company</b>	<b>7,126</b>	<b>6,773</b>	<b>8,295</b>	<b>6,181</b>
	=====	=====	=====	=====

The notes set out on pages 8 to 18 form 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 June 2016*

		30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
	Note			
<b>Non-current assets</b>				
Property, plant and equipment	6	22,825	22,886	24,352
Intangible assets		183	461	736
Available-for-sale investments	7	5,904	5,900	6,088
		<u>28,912</u>	<u>29,247</u>	<u>31,176</u>
<b>Current assets</b>				
Inventories	8	48,057	37,333	38,327
Trade and other receivables	9	55,247	38,841	44,325
Cash in hand and at bank	10	4,587	1,188	4,840
Assets held for sale	11	13,080	13,449	15,169
		<u>120,971</u>	<u>90,811</u>	<u>102,661</u>
<b>Total assets</b>		<u>149,883</u>	<u>120,058</u>	<u>133,837</u>
<b>Equity</b>				
Share capital		30,250	30,250	30,250
Legal reserve	12	900	900	-
Restricted reserve		792	792	576
General reserve	12	900	900	-
Retained earnings/(accumulated losses)	12	4,154	(4,137)	(9,404)
Fair value reserve		58	54	242
		<u>37,054</u>	<u>28,759</u>	<u>21,664</u>
<b>Non-current liabilities</b>				
Employee end-of-service benefits		6,643	6,158	7,562
Long term borrowing	13	3,750	-	-
		<u>10,393</u>	<u>6,158</u>	<u>7,562</u>
<b>Current liabilities</b>				
Short term borrowings	13	53,010	48,681	55,848
Trade and other payables	14	47,616	35,533	47,950
Due to related parties	16	1,201	65	65
Provision for tax	15	609	862	748
		<u>102,436</u>	<u>85,141</u>	<u>104,611</u>
<b>Total liabilities</b>		<u>112,829</u>	<u>91,299</u>	<u>112,173</u>
<b>Total equity and liabilities</b>		<u>149,883</u>	<u>120,058</u>	<u>133,837</u>

The notes set out on pages 8 to 18 form 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 7 AUG 2016

  
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**  
*for the six month period ended 30 June 2016 (unaudited)*

	30 June 2016 AED 000	30 June 2015 AED 000
<b>Cash flows from operating activities</b>		
Profit for the period before tax	8,404	6,302
<i>Adjustments for:</i>		
Depreciation	2,719	3,272
Amortisation of intangible assets	278	275
Finance costs	382	1,482
Provision for slow moving inventories	-	750
Gain on disposal of property, plant and equipment (net)	(470)	(3,237)
Provision for employee end-of-service benefits	755	673
	<u>12,068</u>	<u>9,517</u>
<i>Changes in:</i>		
- inventories	(10,724)	(4,409)
- trade and other receivables	(16,406)	(14,441)
- trade and other payables	12,083	3,868
- due to related parties	1,136	32
Employee end-of-service benefits paid	(270)	(940)
Taxes paid	(366)	(101)
	<u>(2,479)</u>	<u>(6,474)</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	483	3,919
Acquisition of property, plant and equipment	(2,302)	(698)
	<u>(1,819)</u>	<u>3,221</u>
<b>Cash flows from financing activities</b>		
Net movement in bank borrowings	10,915	23,802
Interest paid	(382)	(1,482)
	<u>10,533</u>	<u>22,320</u>
<b>Net increase in cash and cash equivalents</b>	<b>6,235</b>	<b>19,067</b>
Cash and cash equivalents at the beginning of the period	(3,667)	(17,825)
<b>Cash and cash equivalents at end of period</b>	<b>2,568</b>	<b>1,242</b>
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	4,587	4,840
Bank overdrafts (note 13)	(2,019)	(3,598)
	<u>2,568</u>	<u>1,242</u>

The notes set out on pages 8 to 18 form 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 six month period ended 30 June 2016*

	Share capital AED'000	Legal reserve AED'000	Restricted reserve AED'000	General reserve AED'000	Fixed assets replacement reserve AED'000	Retained earnings/(accumulated losses) AED'000	Fair value reserve AED'000	Total AED'000
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	-	-	-	-	-	6,188	-	6,188
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	(7)	(7)
Total comprehensive income for the period	-	-	-	-	-	6,188	(7)	6,181
Other equity movements	-	-	-	-	-	-	-	-
Transfers to retained earnings/(accumulated losses) (refer note 12)	-	(13,965)	-	(83,300)	(15,000)	112,265	-	-
Balance at 30 June 2015 (unaudited)	30,250	-	576	-	-	(9,404)	242	21,664
Balance at 1 January 2016 (audited)	30,250	900	792	900	-	(4,137)	54	28,759
<i>Total comprehensive income for the period (unaudited)</i>								
Profit for the period	-	-	-	-	-	8,291	-	8,291
Net change in fair value of available-for-sale investments	-	-	-	-	-	-	4	4
Total comprehensive income for the period	-	-	-	-	-	8,291	4	8,295
Balance at 30 June 2016 (unaudited)	30,250	900	792	900	-	4,154	58	37,054

The notes set out on pages 8 to 18 form 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 six month period ended 30 June 2016 (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. 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 18. 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 2015.

#### 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 have been prepared under historical cost, except for financial instruments classified as available-for-sale that are stated at fair value.

#### 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 2015.

# 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 six month period ended 30 June 2016 (unaudited)

### 2. Basis of preparation (continued)

#### 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 2015. 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 2015. These are disclosed in detail under notes 3 and 4 in the Group's consolidated financial statements as at and for the year ended 31 December 2015.

### 3. Cost of sales

	Three month period ended 30 June		Six month period ended 30 June	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
<b>Manufacturing:</b>				
Raw material, packing materials and stores & spares consumed	38,154	41,341	61,662	70,414
Utilities	2,664	2,192	4,663	4,442
Staff salaries and benefits	3,622	2,581	5,558	4,577
Depreciation	655	386	1,246	1,284
Other direct costs	1,532	493	2,611	3,344
	<u>46,627</u>	<u>46,993</u>	<u>75,740</u>	<u>84,061</u>
Changes in inventories of semi- finished and finished goods	589	(365)	2,586	(858)
(A)	<u>47,216</u>	<u>46,628</u>	<u>78,326</u>	<u>83,203</u>
<b>Trading:</b>				
Inventories, beginning of the period	7,406	6,712	6,618	7,872
Purchases (including direct expenses)	8,443	10,425	20,555	19,764
Inventories, end of the period	(6,972)	(9,045)	(6,972)	(9,045)
(B)	<u>8,877</u>	<u>8,092</u>	<u>20,201</u>	<u>18,591</u>
(A) + (B)	<u><u>56,093</u></u>	<u><u>54,720</u></u>	<u><u>98,527</u></u>	<u><u>101,794</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 six month period ended 30 June 2016 (unaudited)

### 4. Administrative and distribution expenses

	Three month period ended 30 June		Six month period ended 30 June	
	2016 AED 000	2015 AED 000	2016 AED 000	2015 AED 000
Staff salaries and benefits	8,987	8,116	20,346	18,233
Advertisement and other selling expenses	7,695	3,689	12,302	7,036
Commercial vehicle expenses	5,111	3,260	9,002	6,853
Depreciation	742	1,180	1,473	1,988
Amortisation of intangible assets	139	135	278	273
Other expenses	5,830	8,795	11,358	13,413
	<u>28,504</u>	<u>25,175</u>	<u>54,759</u>	<u>47,796</u>

### 5. Other income

Other income for the six month period ended 30 June 2016 mainly includes gain on disposal of property, plant and equipment (primarily vehicles) amounting to AED 0.5 million (*six month period ended 30 June 2015: AED 3.24 million*) and rental income amounting to AED 0.8 million (*six month period ended 30 June 2015: Nil*).

### 6. Property, plant and equipment

#### Additions and disposals (unaudited)

During the six month period ended 30 June 2016, the Group acquired assets amounting to AED 2.3 million and disposed off assets with a net book value of AED 0.47 million (*six month period ended 30 June 2015: AED 0.7 million and AED 0.7 million, respectively*).

In the previous year, the Directors approved the permanent closure of the Group's Sohar factory in Oman and 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 above mentioned assets are ongoing and the sale is expected to be completed in the near future. 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 six month period ended 30 June 2016 (unaudited)

### 7. Available-for-sale investments

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Opening balance	5,900	6,095	6,095
Change in fair value	4	(195)	(7)
Closing balance	<u>5,904</u>	<u>5,900</u>	<u>6,088</u>

These include investments amounting to AED 5.6 million made in unquoted equity shares of Rawabi Emirates PJSC and Emirates Poultry Company (31 December 2015: AED 5.6 million). Since the investment in Rawabi Emirates PJSC does not have a quoted market price in any active market, the fair value cannot be reliably measured and therefore the investment is stated at cost less impairment losses, if any.

### 8. Inventories

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Raw materials and packing materials	33,174	26,263	27,710
Semi-finished goods	1,760	705	1,793
Finished goods	8,631	7,100	7,904
Trading goods	6,972	6,618	9,045
Consumables stores and spare parts	6,264	6,601	5,360
	<u>56,801</u>	<u>47,287</u>	<u>51,812</u>
Less: Provision for slow-moving inventories	<u>(9,557)</u>	<u>(10,355)</u>	<u>(14,785)</u>
	<u>47,244</u>	<u>36,932</u>	<u>37,027</u>
Goods-in-transit	813	401	1,300
	<u>48,057</u>	<u>37,333</u>	<u>38,327</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 six month period ended 30 June 2016 (unaudited)

**9. Trade and other receivables**

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Trade receivables	51,615	37,407	45,063
Less: Provision for impairment of trade receivables	(6,495)	(6,495)	(7,587)
	<u>45,120</u>	<u>30,912</u>	<u>37,476</u>
Advances, deposits and prepayments	10,127	7,929	6,849
	<u>55,247</u>	<u>38,841</u>	<u>44,325</u>

**10. Cash in hand and at bank**

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Cash in hand	293	501	256
Bank balance			
- in current accounts	2,107	687	4,584
- fixed deposits (with an original maturity of 3 months or less)	2,187	-	-
	<u>4,587</u>	<u>1,188</u>	<u>4,840</u>

**11. Assets held for sale**

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Buildings, plant and equipment, and furniture, fixtures and office equipment (refer to note (i) below)	13,080	13,449	13,449
Transportation and distribution equipment (refer to note (ii) below)	-	-	1,720
	<u>13,080</u>	<u>13,449</u>	<u>15,169</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 six month period ended 30 June 2016 (unaudited)

### 11. Assets held for sale (continued)

- i.) In the previous year, the Directors approved the closure of the Group's Sohar factory in Oman and also decided to dispose off the factory assets ("disposal group"). 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. During the current period, the management have decided to use assets amounting to AED 0.37 million and this has been reclassified to property, plant and equipment. The efforts to sell the remaining assets are ongoing and the sale is expected to complete in the near future. Also refer note 6.

#### *Measurement of fair value*

The valuation of buildings was carried out as at 31 December 2015 by an independent registered valuer in accordance with the RICS Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors based on sales comparison approach. In case of plant and equipment, and furniture, fixtures and office equipment, management has carried out an internal valuation based on existing conditions and discussions with potential buyers on sales comparison basis. Management is of the view that there is no significant change in the fair value of these assets in the current period. The non-recurring fair value measurement for the disposal group has been categorized as a Level 3 fair value as inputs used for determining fair values are not based on observable market data.

- ii) During 2014, the Directors resolved to dispose of transportation equipment amounting to AED 1.72 million of the Sohar operations in Oman. Consequent to the decision, these were classified as 'Assets held for sale'. These assets were disposed off during 2015.

### 12. Retained earnings/(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 retained earnings/(accumulated losses). Furthermore, the shareholders also approved the transfer of legal reserve amounting to AED 14 million to retained earnings/(accumulated losses). Accordingly, the Group transferred these reserves to retained earnings/(accumulated losses) as at 30 June 2015.



# 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 six month period ended 30 June 2016 (unaudited)

## 13. Borrowings

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
<b>Long term borrowing:</b>			
Term loan (refer (i) note below)	11,477	15,000	15,000
Less: short term portion of term loan	(7,727)	(15,000)	(15,000)
	-----	-----	-----
Long term portion of term loan	<u>3,750</u>	<u>-</u>	<u>-</u>
<b>Short term borrowing:</b>			
Trust receipts	43,264	28,826	37,250
Bank overdrafts	2,019	4,855	3,598
Current portion of term loan	7,727	15,000	15,000
	-----	-----	-----
	<u>53,010</u>	<u>48,681</u>	<u>55,848</u>

- i) In the previous year, the Group 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. Due to non-compliance with a banking covenant, the loan was classified as short term at 31 December 2015 and 30 June 2015.
- ii) Bank borrowings are mainly secured by mortgages over plant and machinery, hypothecation of inventories and assignment of receivables.
- iii) Bank borrowings are subject to certain financial covenants including minimum tangible worth of AED 27 million, current ratio of 1:1 and leverage ratio not to exceed 3:1.

## 14. Trade and other payables

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Trade payables	30,147	20,885	31,558
Accruals and others payables	17,079	14,450	15,911
Advance received from customers	390	198	481
	-----	-----	-----
	<u>47,616</u>	<u>35,533</u>	<u>47,950</u>

## 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 0.61 million as at reporting date is adequate to meet the Group's tax liabilities.

# 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 six month period ended 30 June 2016 (unaudited)

### 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 June		Six month period ended 30 June	
	2016	2015	2016	2015
	AED 000	AED 000	AED 000	AED 000
Purchases from related parties*	1,253	47	1,413	84
Commission income *	73	-	73	-
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
<b>Compensation to key management personnel is as follows:</b>				
Staff salaries and benefits (including end-of-service benefits)	332	386	884	769
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

- \* During the current period the Group has entered into distributorship agreement with Emirates Refreshment Company PJSC with a one-year term, renewable upon consent of both parties. In order to manage conflict of interests for the finalization of this transaction, a board member who has a conflict, was not involved in the pre-approval process in relation to this transaction.

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
<b>Due to related parties</b>			
- United Cans Company LLC	321	65	65
- Emirates Refreshment Company PJSC	880	-	-
	<u>      </u>	<u>      </u>	<u>      </u>
	1,201	65	65
	<u>      </u>	<u>      </u>	<u>      </u>
<b>Other payables</b>			
- Key management personnel	210	349	85
	<u>      </u>	<u>      </u>	<u>      </u>

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## Notes to the condensed consolidated interim financial information for the six month period ended 30 June 2016 (unaudited)

### 17. Contingent liabilities

	30 June 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	30 June 2015 AED 000 (Unaudited)
Letter of credit	4,080	4,080	4,080
Unutilized balances of commercial letters of credit	14,606	11,483	15,758

### 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. The management has reviewed the status of all of these legal cases and believes that no provision is required as at 30 June 2016 (31 December 2015: Nil).

### Commitments

There is no capital commitment outstanding as at 30 June 2016 (31 December 2015: Nil).

### 18. 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.

### 19. Basic earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2016	2015	2016	2015
Net profit attributable to owners of the Company (AED'000)	7,155	6,655	8,291	6,188
Weighted average number of shares outstanding ('000)	30,250	30,250	30,250	30,250
Basic earnings per share in AED	0.24	0.22	0.27	0.20

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 was retrospectively adjusted to include share split approved, for the purpose of calculation of earnings per share for the three month and six month period ended 30 June 2015.

# 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 six month period ended 30 June 2016 (unaudited)

### 20. Segmental reporting

The Group operates in the single reporting segment of dairy, 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 six-month period ended 30 June 2016, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (*six-month period ended 30 June 2015: Nil*)

### 21. 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 2015.

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.

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

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Notes to the condensed consolidated interim financial information  
for the six month period ended 30 June 2016 (unaudited)

## 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:

30 June 2016	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	327	-	5,577	5,904
	=====	==	=====	=====
31 December 2015	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	323	-	5,577	5,900
	=====	==	=====	=====

During the period ended 30 June 2016 and year ended 31 December 2015, 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.

## 24. Comparatives

Certain reclassifications were made to prior periods' amounts in these condensed consolidated interim financial information to conform with the current period presentation.