

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

31 March 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

31 March 2016

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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 31 March 2016 condensed consolidated interim financial information of Unikai Foods (P.J.S.C.) ("the Company") and its subsidiary (formerly United Kaipara Dairies Company (P.S.C.) and its subsidiary) (collectively referred to as the "Group"), which comprises:

- the condensed consolidated income statement for the three month period ended 31 March 2016;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2016;
- the condensed consolidated statement of financial position as at 31 March 2016;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2016;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 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.

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

Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates

09 MAY 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 three month period ended 31 March 2016 (unaudited)

	<i>Note</i>	Three month period ended	
		31 March	
		2016	2015
		AED 000	AED 000
Revenue		69,895	66,800
Cost of sales	3	(42,434)	(47,074)
Gross profit		27,461	19,726
Administrative and distribution expense	4	(26,255)	(22,621)
Operating profit/(loss) for the period		1,206	(2,895)
Finance costs		(875)	(859)
Other income	5	863	3,345
Profit/(loss) for the period before tax		1,194	(409)
Tax expense		(56)	(57)
Profit/(loss) for the period		1,138	(466)
Profit/(loss) attributable to:			
Owners of the Company		1,138	(466)
Earnings per share			
Basic earnings per share (AED)	19	0.038	(0.015)

The notes set out on pages 7 to 17 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 three month period ended 31 March 2016 (unaudited)

	Three month period ended	
	31 March	
	2016	2015
	AED 000	AED 000
Profit/(loss) for the period	1,138	(466)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale investments	31	(125)
	---	-----
Other comprehensive income/(expense) for the period	31	(125)
	---	-----
Total comprehensive income/(expense) for the period	1,169	(591)
	=====	=====
Total comprehensive income/(expense) attributable to:		
Owners of the Company	1,169	(591)
	=====	=====

The notes set out on pages 7 to 17 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 31 March 2016

		31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
	Note			
Non-current assets				
Property, plant and equipment	6	22,475	22,886	38,859
Intangible assets		322	461	873
Available-for-sale investments	7	5,931	5,900	5,970
		<u>28,728</u>	<u>29,247</u>	<u>45,702</u>
Current assets				
Inventories	8	47,468	37,333	32,273
Trade and other receivables	9	41,719	38,841	39,050
Cash in hand and at bank	10	3,217	1,188	1,397
Assets held for sale	11	13,080	13,449	1,720
		<u>105,484</u>	<u>90,811</u>	<u>74,440</u>
Total assets		<u>134,212</u>	<u>120,058</u>	<u>120,142</u>
Equity				
Share capital		30,250	30,250	30,250
Legal reserve	12	900	900	-
Restricted reserve		792	792	576
General reserve	12	900	900	-
Accumulated losses	12	(2,999)	(4,137)	(16,058)
Fair value reserve		85	54	124
		<u>29,928</u>	<u>28,759</u>	<u>14,892</u>
Non-current liability				
Employee end-of-service benefits		6,434	6,158	7,573
Current liabilities				
Short term borrowings	13	58,673	48,681	45,828
Trade and other payables	14	38,504	35,533	51,127
Due to related parties	16	121	65	31
Provision for taxation	15	552	862	691
		<u>97,850</u>	<u>85,141</u>	<u>97,677</u>
Total liabilities		<u>104,284</u>	<u>91,299</u>	<u>105,250</u>
Total equity and liabilities		<u>134,212</u>	<u>120,058</u>	<u>120,142</u>

The notes set out on pages 7 to 17 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 9 May 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 three month period ended 31 March 2016

	31 March 2016 AED 000 (Unaudited)	31 March 2015 AED 000 (Unaudited)
Cash flows from operating activities		
Profit/(loss) for the period before tax	1,194	(409)
<i>Adjustments for:</i>		
Depreciation	1,322	1,706
Amortisation of intangible assets	139	138
Finance costs	608	699
Provision for slow moving inventories	-	250
Gain on disposal of property, plant and equipment (net)	(444)	(2,701)
Provision for employee end-of-service benefit	405	277
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	3,224	(40)
<i>Changes in:</i>		
- inventories	(10,135)	2,145
- trade and other receivables	(2,878)	(9,166)
- trade and other payables	2,971	7,045
- due to related parties	56	(2)
Employee end-of-service benefits paid	(129)	(533)
Taxes paid	(366)	(101)
	<hr/>	<hr/>
Net cash used in operating activities	(7,257)	(652)
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	457	3,244
Acquisition of property, plant and equipment	(555)	(52)
	<hr/>	<hr/>
Net cash(used in)/ from investing activities	(98)	3,192
	<hr/>	<hr/>
Cash flows from financing activities		
Net movement in borrowings	8,487	(1,898)
Interest paid	(608)	(699)
	<hr/>	<hr/>
Net cash from/(used in) financing activities	7,879	(2,597)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	524	(57)
Cash and cash equivalents at the beginning of the period	(3,667)	(17,824)
	<hr/>	<hr/>
Cash and cash equivalents at end of period	(3,143)	(17,881)
	<hr/>	<hr/>
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank (note 10)	3,217	1,397
Bank overdrafts (note 13)	(6,360)	(19,278)
	<hr/>	<hr/>
	(3,143)	(17,881)
	<hr/>	<hr/>

The notes set out on pages 7 to 17 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 three month period ended 31 March 2016

	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 2015 (audited)	30,250	13,965	576	83,300	15,000	(127,857)	249	15,483
Total comprehensive income for the period (unaudited)	-	-	-	-	-	(466)	-	(466)
Loss for the period	-	-	-	-	-	-	(125)	(125)
Net change in fair value of available-for-sale investments	-	-	-	-	-	(466)	(125)	(591)
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Other equity movements	-	-	-	-	-	-	-	-
Transfers to accumulated losses (refer note 12)	-	(13,965)	-	(83,300)	(15,000)	112,265	-	-
Balance at 31 March 2015 (unaudited)	30,250	-	576	-	-	(16,058)	124	14,892
Balance at 1 January 2016 (audited)	30,250	900	792	900	-	(4,137)	54	28,759
Total comprehensive income for the period (unaudited)	-	-	-	-	-	1,138	-	1,138
Profit for the period	-	-	-	-	-	-	31	31
Net change in fair value of available-for-sale investments	-	-	-	-	-	1,138	31	1,169
Total comprehensive income for the period	-	-	-	-	-	-	-	-
Balance at 31 March 2016 (unaudited)	30,250	900	792	900	-	(2,999)	85	29,928

The notes set out on pages 7 to 17 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 three month period ended 31 March 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 Company 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 the 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.

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.

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 three month period ended 31 March 2016 (unaudited)

2. Basis of preparation (continued)

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 31 March	
	2016 AED 000	2015 AED 000
Manufacturing:		
Raw material, packing materials and stores & spares consumed	23,508	29,073
Utilities	1,999	2,250
Staff salaries and benefits	1,936	1,996
Depreciation	591	898
(Utilisation of)/ provision for slow moving inventories	(273)	250
Other direct costs	1,352	2,601
	<u>29,113</u>	<u>37,068</u>
Changes in inventories of semi-finished and finished goods	1,997	(493)
	<u>(A) 31,110</u>	<u>36,575</u>
Trading:		
Inventories, beginning of the period	6,618	7,872
Purchases (including direct expenses)	12,112	9,339
Inventories, end of the period	(7,406)	(6,712)
	<u>(B) 11,324</u>	<u>10,499</u>
	<u>(A) + (B) 42,434</u>	<u>47,074</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 three month period ended 31 March 2016 (unaudited)

4. Administrative and distribution expenses

	Three month period ended 31 March	
	2016 AED 000	2015 AED 000
Staff salaries and benefits	11,359	10,117
Advertisement and other selling expenses	4,607	3,347
Commercial vehicle expenses	3,891	3,593
Depreciation	731	808
Amortisation of intangible assets	139	138
Other expenses	5,528	4,618
	<u>26,255</u>	<u>22,621</u>

5. Other income

Other income for the three month period ended 31 March 2016 mainly includes gain on disposal of property, plant and equipment (primarily vehicles) amounting to AED 0.44 million (*three month period ended 31 March 2015: AED 2.7 million*) and rental income amounting to AED 0.28 million (*three month period ended 31 March 2015: AED 0.49 million*).

6. Property, plant and equipment

Additions and disposals (unaudited)

During the three month period ended 31 March 2016, the Group acquired assets amounting to AED 0.56 million and disposed off assets with a net book value of AED 0.01 million (*three month period ended 31 March 2015: AED 0.05 million and AED 0.54 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 with 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 complete within twelve months from May 2015. 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 three month period ended 31 March 2016 (unaudited)

7. Available-for-sale investments

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Opening balance	5,900	6,095	6,095
Change in fair value	31	(195)	(125)
Closing balance	<u>5,931</u>	<u>5,900</u>	<u>5,970</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 investments in Rawabi Emirates PJSC and Emirates Poultry Company does not have a quotes market prices in any active market, the fair value cannot be reliably measured and are stated at cost less impairment losses, if any.

8. Inventories

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Raw materials and packing materials	33,826	26,263	25,022
Semi-finished goods	1,477	705	1,556
Finished goods	8,325	7,100	7,430
Trading goods	7,406	6,618	6,712
Consumables stores and spare parts	6,363	6,601	8,030
	<u>57,397</u>	<u>47,287</u>	<u>48,750</u>
Less: Provision for slow-moving inventories	<u>(10,081)</u>	<u>(10,355)</u>	<u>(17,765)</u>
	<u>47,316</u>	<u>36,932</u>	<u>30,985</u>
Goods-in-transit	152	401	1,288
	<u>47,468</u>	<u>37,333</u>	<u>32,273</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 three month period ended 31 March 2016 (unaudited)

9. Trade and other receivables

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Trade receivables	41,075	37,407	38,505
Less: Provision for impairment of trade receivables	(6,495)	(6,495)	(7,587)
	<u>34,580</u>	<u>30,912</u>	<u>30,918</u>
Advances, deposits and prepayments	7,139	7,929	8,132
	<u>41,719</u>	<u>38,841</u>	<u>39,050</u>

10. Cash in hand and at bank

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Cash in hand	698	501	265
Bank balance			
- in current accounts	332	687	1,132
- fixed deposit (with an original maturity of 3 months)	2,187	-	-
	<u>3,217</u>	<u>1,188</u>	<u>1,397</u>

11. Assets held for sale

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

11. Asset 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 abovementioned assets are ongoing and the sale is expected to complete within twelve months from May 2015. Also refer note 6.

Measurement of fair value

The valuation of buildings was carried out 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. 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' and carried at lower of carrying value and fair value less cost to sell at 31 March 2015. These assets were disposed off during 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 had approved the transfer of statutory reserve amounting to AED 14 million to accumulated losses. Accordingly, the Group had transferred these reserves to accumulated losses as at 31 March 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 three month period ended 31 March 2016 (unaudited)

13. Short-term borrowings

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Trust receipts	39,188	28,826	26,550
Bank overdrafts	6,360	4,855	19,278
Term loan (refer (i) note below)	13,125	15,000	-
	<u>58,673</u>	<u>48,681</u>	<u>45,828</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 has been reclassified as short term (refer note (iii) below).
- 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. However as at the reporting date, the Group has not complied with some financial covenants as specified in the facility letters with the bank. However, based on the relationship with the creditor banks, the Group's Directors confirm 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

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Trade payables	25,733	20,885	33,755
Accruals and others payables	12,320	14,450	17,099
Advance received from customers	451	198	273
	<u>38,504</u>	<u>35,533</u>	<u>51,127</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 0.55 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 three month period ended 31 March 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 31 March	
	2016	2015
	AED 000	AED 000
Purchases from related parties		
- United Cans Company LLC	76	37
- Emirates Refreshment Company PJSC*	84	-
	<u> </u>	<u> </u>
Compensation to key management personnel is as follows:		
Staff salaries and benefits (including end-of-service benefits)	552	383
	<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 finalisation of this transaction, a board member who has a conflict, was not involved in the pre-approval process in relation to this transaction.

	31 March 2016	31 December 2015	31 March 2015
	AED 000	AED 000	AED 000
	(Unaudited)	(Audited)	(Unaudited)
Due to related parties			
- United Cans Company LLC	37	65	31
- Emirates Refreshment Company PJSC	84	-	-
	<u> </u>	<u> </u>	<u> </u>
	121	65	31
	<u> </u>	<u> </u>	<u> </u>
Other payables			
- Key management personnel	155	349	45
	<u> </u>	<u> </u>	<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 three month period ended 31 March 2016 (unaudited)

17. Contingent liabilities and commitments

	31 March 2016 AED 000 (Unaudited)	31 December 2015 AED 000 (Audited)	31 March 2015 AED 000 (Unaudited)
Letter of guarantee	4,080	4,080	4,080
Unutilized balances of commercial letters of credit	13,452	11,483	13,427

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 31 March 2016 (31 December 2015: Nil).

Commitments

There is no capital commitment outstanding as at 31 March 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 months period ended 31 March	
	2016	2015
Net profit/(loss) attributable to owners of the Company (AED'000)	1,138	(466)
Weighted average number of shares outstanding (AED'000)	30,250	30,250
Basic earnings per share in AED	0.038	(0.015)

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 AED1 per share. Share split became effective from 1 April 2015. Accordingly, weighted average number of shares outstanding were retrospectively adjusted to include share split approved, for the purpose of calculation of earnings per share for the three month period ended 31 March 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 three month period ended 31 March 2016 (unaudited)

20. 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 statement of profit or loss, condensed consolidated statement of 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 three-months period ended 31 March 2016, there were no customers of the Group with the revenues greater than 10% of the total revenue of the Group (*three-month period ended 31 March 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.

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21. 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>31 March 2016</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>354</u>	<u>-</u>	<u>5,577</u>	<u>5,931</u>
<i>31 December 2015</i>	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Available-for-sale investments	<u>323</u>	<u>-</u>	<u>5,577</u>	<u>5,900</u>

During the period ended 31 March 2016 and year ended 31 December 2015, there were no transfers between the various levels of fair value measurements.

22. 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.