

UNITED FOODS COMPANY (PSC)

DUBAI - UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION

SEPTEMBER 30, 2008 (UNAUDITED)

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

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September 30, 2008 (unaudited)

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**REVIEW REPORT OF INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF
UNITED FOODS COMPANY (PSC)
Dubai, U.A.E.**

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Introduction

We have reviewed the accompanying interim condensed balance sheet of United Foods Company (PSC) as of September 30, 2008 and the related interim condensed income statement, interim condensed statement of changes in shareholders' equity and interim condensed statement of cash flow for the 9 months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of interim condensed financial information in accordance with International Accounting Standard No. 34. Our responsibility is to express a conclusion on interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagement 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed 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 as 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 interim condensed financial information is not prepared, in all material respect in accordance with International Accounting Standard No. 34.



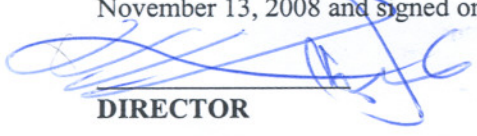
Farouk Mohamed
Registration No. 86
Dubai
United Arab Emirates
November 13, 2008

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

Interim condensed balance sheet as at September 30, 2008 (Un-audited)

		(Un-audited) September 30, 2008	(Audited) December 31, 2007
	Note	AED	AED
ASSETS			
Non-current			
Property, plant and equipment		64,666,221	67,585,356
Current			
Available-for-sale investments	4	857,894	1,567,714
Inventories		131,213,009	85,606,167
Trade and other receivables		102,315,033	80,367,608
Amounts due from related parties		3,852,959	1,272,924
Cash and bank		1,499,464	1,105,897
		<u>239,738,359</u>	<u>169,920,310</u>
Total assets		<u><u>304,404,580</u></u>	<u><u>237,505,666</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		25,000,000	25,000,000
Statutory reserve		8,750,000	8,750,000
General reserve		58,500,000	58,500,000
Fair value reserve for available-for-sale investments		581,208	1,291,028
Retained earnings		(10,015,975)	3,724,898
Total equity		<u>82,815,233</u>	<u>97,265,926</u>
Liabilities			
Non-current			
Employees' end of service benefits		2,977,903	2,685,991
Long term loan		10,000,000	12,500,000
		<u>12,977,903</u>	<u>15,185,991</u>
Current			
Trade and other payables		31,555,851	51,245,636
Trust receipts		136,910,739	30,698,440
Amounts due to related parties		9,399,237	8,827,241
Bank overdrafts		30,745,617	34,282,432
		<u>208,611,444</u>	<u>125,053,749</u>
Total liabilities		<u>221,589,347</u>	<u>140,239,740</u>
Total equity and liabilities		<u><u>304,404,580</u></u>	<u><u>237,505,666</u></u>

The interim condensed financial information has been approved by the Board of Directors on November 13, 2008 and signed on their behalf by:


DIRECTOR

 X
DIRECTOR

Notes on pages from 6 to 7 form an integral part of this interim condensed financial information.

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

Interim condensed income statement
For the period ended September 30, 2008 (Un-audited)

	(Un-audited) 9-months ended 30 September 2008 AED	(Un-audited) 9-months ended 30 September 2007 AED	(Un-audited) 3-months ended 30 September 2008 AED	(Un-audited) 3-months ended 30 September 2007 AED
Sales	503,293,519	296,171,823	151,497,867	113,535,645
Cost of sales	(484,860,818)	(262,582,036)	(167,760,801)	(100,428,613)
GROSS PROFIT / (LOSS)	<u>18,432,701</u>	<u>33,589,787</u>	<u>(16,262,934)</u>	<u>13,107,032</u>
Selling and distribution	(19,102,972)	(14,760,084)	(4,535,468)	(4,797,366)
Advertising	(3,290,816)	(2,643,743)	(1,507,451)	(1,060,026)
General and administration	(6,775,963)	(6,191,851)	(1,904,965)	(1,873,903)
Provision for doubtful debts	(300,000)	(270,000)	(30,000)	(60,000)
(LOSS) / PROFIT FROM OPERATIONS	<u>(11,037,050)</u>	<u>9,724,109</u>	<u>(24,240,818)</u>	<u>5,315,737</u>
Other income	5,442,419	1,223,309	3,462,420	721,590
Finance charges	(5,646,242)	(3,226,779)	(2,263,169)	(1,024,085)
NET (LOSS) / PROFIT FOR THE PERIOD	<u><u>(11,240,873)</u></u>	<u><u>7,720,639</u></u>	<u><u>(23,041,567)</u></u>	<u><u>5,013,242</u></u>
 (Loss) / Earning per share - basic and diluted	 <u><u>(0.45)</u></u>	 <u><u>0.31</u></u>	 <u><u>(0.92)</u></u>	 <u><u>0.20</u></u>

Notes on pages from 6 to 7 form an integral part of this interim condensed financial information.

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

Interim condensed statement of changes in shareholders' equity
For the period ended September 30, 2008 (Un-audited)

	Share capital AED	Statutory reserve AED	General reserve AED	Assets replacement reserve AED	Fair value reserve for available-for-sale investments AED	Retained earnings AED	Total AED
Balance at December 31, 2006 (Audited)	25,000,000	7,450,000	25,500,000	25,000,000	-	2,845,543	85,795,543
Dividend paid	-	-	-	-	-	(2,500,000)	(2,500,000)
Net profit for the period	-	-	-	-	-	7,720,639	7,720,639
Fair value adjustment on available for sale investments	-	-	-	-	529,950	-	529,950
Balance at September 30, 2007 (Un-audited)	25,000,000	7,450,000	25,500,000	25,000,000	529,950	8,066,182	91,546,132
Net profit for the period	-	-	-	-	-	5,208,716	5,208,716
Fair value adjustment on available for sale investments	-	-	-	-	761,078	-	761,078
Directors' fees	-	-	-	-	-	(250,000)	(250,000)
Transfers	-	1,300,000	33,000,000	(25,000,000)	-	(9,300,000)	-
Balance at December 31, 2007 (Audited)	25,000,000	8,750,000	58,500,000	-	1,291,028	3,724,898	97,265,926
Dividend paid	-	-	-	-	-	(2,500,000)	(2,500,000)
Net loss for the period	-	-	-	-	-	(11,240,873)	(11,240,873)
Fair value adjustment on available for sale investments	-	-	-	-	(709,820)	-	(709,820)
Balance at September 30, 2008 (Un-audited)	25,000,000	8,750,000	58,500,000	-	581,208	(10,015,975)	82,815,233

Notes on pages from 6 to 7 form an integral part of this interim condensed financial information.

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

Interim condensed statement of cash flows
For the period ended September 30, 2008 (Un-audited)

	(Un-audited) 9-months ended 30 September 2008 AED	(Un-audited) 9-months ended 30 September 2007 AED
OPERATING ACTIVITIES		
Net (loss) / profit for the period	(11,240,873)	7,720,639
Adjustments for:		
Depreciation on property, plant and equipment	6,362,022	7,344,839
Interest expenses	5,116,968	2,908,243
Provision for employees' end of service benefits	817,000	550,000
Profit on sale of property, plant and equipment	(91,818)	(80,866)
Operating profit before working capital changes:	963,299	18,442,855
Increase in inventories	(45,606,842)	(4,518,118)
Increase in trade and other receivables	(21,947,425)	(90,213)
Decrease in trade and other payables	(20,324,248)	(1,182,688)
Increase in trust receipts	106,212,299	5,842,890
Net amounts due from related parties	(2,008,039)	(859,750)
Cash from operations	17,289,044	17,634,976
Interest paid	(4,482,505)	(2,659,890)
Employees' end of service benefits paid	(525,088)	(164,636)
Net cash provided by operating activities	12,281,451	14,810,450
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,528,109)	(4,327,873)
Proceeds from sale of property, plant and equipment	177,040	82,150
Net cash used in investing activities	(3,351,069)	(4,245,723)
FINANCING ACTIVITIES		
Term loan paid	(2,500,000)	(2,500,000)
Dividend paid	(2,500,000)	(2,500,000)
Net cash used in financing activities	(5,000,000)	(5,000,000)
Net increase in cash and cash equivalents	3,930,382	5,564,727
Cash and cash equivalents at January 1,	(33,176,535)	(19,607,224)
Cash and cash equivalents at September 30,	<u>(29,246,153)</u>	<u>(14,042,497)</u>

Notes on pages from 6 to 7 form an integral part of this interim condensed financial information.

UNITED FOODS COMPANY (PSC)

Notes to the interim condensed financial information (un-audited) September 30, 2008

1. Legal status and activities

United Foods Company (PSC) (previously operating as United Foods Limited) (the "Company") was incorporated in Dubai under a decree issued by His Highness The Ruler of Dubai. On 27 June 1994 it amended its status to comply with the provisions of the UAE Commercial Companies Law of 1984 (as amended) as a public shareholding Company. The Company's registered office is in Al Quoz, Dubai and its address is PO Box 5836, Dubai, United Arab Emirates. The principal activities of the Company are the manufacture, processing and marketing of hydrogenated vegetable ghee, cooking oil, margarine and butter products.

The Company had 422 employees as of September 30, 2008 (December 31, 2007: 422).

2. Significant accounting policies

The interim condensed financial information of the Company is prepared in accordance with International Financial Reporting Standards including specific guidelines of International Accounting Standards (IAS) 34, "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2007.

Accounting policies related to investments have been disclosed along with related quantitative disclosures as required by Securities and Commodities Authority of the UAE.

a) Available-for-sale investments

Investments in securities are classified as available for sale. These are initially recognised at fair value of the consideration given which includes acquisition charges associated with the investment.

After initial recognition, quoted securities are measured at fair value, with unrealised gains or losses reported as fair value reserve, and shown as part of shareholders' equity until the investment is derecognised. On de-recognition, the cumulative gain or loss previously reported in equity is included in the income statement for the period.

UNITED FOODS COMPANY (PSC)**Notes to the interim condensed financial information (un-audited)
September 30, 2008****3. Disclosures and its comparative**

The interim condensed financial information does not contain all information and disclosures required for full financial statements prepared as done at year end.

4. Available-for-sale investments

	(Un-audited) September 30,2008 AED	(Audited) December 31,2007 AED
Within the UAE		
Quoted securities	1,567,714	276,686
Fair value adjustment	(709,820)	1,291,028
	<u>857,894</u>	<u>1,567,714</u>

5. Use of estimates

Estimates are made by management for assessing provision for different liabilities, useful lives of property, plant and equipment and other such items.

6. Guarantees and other commitments

	(Un-audited) September 30,2008 AED	(Audited) December 31,2007 AED
Irrevocable letters of credit	352,121	5,665,143
Guarantees	<u>955,180</u>	<u>1,043,011</u>