

UNITED FOODS COMPANY (PSC)
DUBAI – UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL INFORMATION
31 MARCH 2010 (UN-AUDITED)

UNITED FOODS COMPANY (PSC)
Dubai – United Arab Emirates

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31 March 2010

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Review Report of Independent Auditors

**To the shareholders of
United Foods Company (PSC)
Dubai, United Arab Emirates**

Public Accountants

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Introduction

We have reviewed the accompanying interim condensed financial information of United Foods Company (PSC) (the "Company") which comprise the interim condensed statement of financial position as at 31 March 2010 and the related interim condensed statement of comprehensive income, the interim condensed statement of changes in equity and the interim condensed statement of cash flows for the three-months period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards. Our responsibility is to express a conclusion on this interim 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 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 financial information is not prepared, in all material respect in accordance with International Financial Reporting Standards.



Grant Thornton
Farouk Mohamed
(Registration no. 86)

Dubai, United Arab Emirates
Date: May 2, 2010

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 31 March 2010

	(Un-audited) 31 March 2010 AED	(Audited) 31 December 2009 AED
Assets		
Non-current		
Property, plant and equipment	58,646,352	60,099,882
Available-for-sale investments	480,039	476,149
	<u>59,126,391</u>	<u>60,576,031</u>
Current		
Inventories	72,688,455	92,074,892
Trade and other receivables	41,126,679	41,031,233
Cash and bank balances	860,537	555,865
	<u>114,675,671</u>	<u>133,661,990</u>
Total assets	<u><u>173,802,062</u></u>	<u><u>194,238,021</u></u>
Equity		
Share capital	25,000,000	25,000,000
Statutory reserve	12,500,000	12,500,000
Regular reserve	12,500,000	12,500,000
General reserve	35,314,980	35,314,980
Fair value reserve for available-for-sale investments	203,347	199,456
Retained earnings	28,292,002	18,471,560
Total equity	<u>113,810,329</u>	<u>103,985,996</u>
Liabilities		
Non-current		
Employees' end of service benefits	2,414,216	2,380,991
Borrowings	5,000,000	5,000,000
	<u>7,414,216</u>	<u>7,380,991</u>
Current		
Borrowings	24,416,035	34,016,445
Bank overdrafts	10,960,418	16,622,316
Trade and other payables	17,201,064	32,232,273
	<u>52,577,517</u>	<u>82,871,034</u>
Total liabilities	<u>59,991,733</u>	<u>90,252,025</u>
Total equity and liabilities	<u><u>173,802,062</u></u>	<u><u>194,238,021</u></u>

The interim financial information was authorized for issue on behalf of the Board of Directors on May 2, 2010


Mr. Ali Bin Humaid Al Owais
Chairman


HE Abdulla Sultan Al Owais
Vice Chairman

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2010

	(Un-audited) 3-months ended 31 March 2010 AED	(Un-audited) 3-months ended 31 March 2009 AED
Sales	73,167,982	94,891,631
Cost of sales	(58,043,849)	(75,495,468)
Gross profit	<u>15,124,133</u>	<u>19,396,163</u>
Selling and distribution expenses	(2,745,554)	(4,053,014)
Advertising expenses	(113,679)	(43,843)
General and administration expenses	(2,081,649)	(2,108,880)
Profit from operations	<u>10,183,251</u>	<u>13,190,426</u>
Other income	311,697	500,544
Finance charges	(674,506)	(1,173,833)
Net profit for the period	<u>9,820,442</u>	<u>12,517,137</u>
Other comprehensive income		
Available-for-sale financial assets		
-current period fair value adjustment	3,891	(7,196)
Total comprehensive income for the period	<u>9,824,333</u>	<u>12,509,941</u>
Earnings per share - basic and diluted	<u>0.39</u>	<u>0.50</u>

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai - United Arab Emirates

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2010

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Fair value reserve for available-for-sale investments AED	Retained earnings AED	Total AED
Balance at 1 January 2009 (audited)	25,000,000	8,750,000	-	15,314,984	41,517	-	49,106,501
Net profit for the period	-	-	-	-	-	12,517,137	12,517,137
Other comprehensive income:							
Fair value adjustment on available-for-sale investments	-	-	-	-	(7,196)	-	(7,196)
Balance at 31 March 2009 (un-audited)	<u>25,000,000</u>	<u>8,750,000</u>	<u>-</u>	<u>15,314,984</u>	<u>34,321</u>	<u>12,517,137</u>	<u>61,616,442</u>
Balance at 1 January 2010 (audited)	25,000,000	12,500,000	12,500,000	35,314,980	199,456	18,471,560	103,985,996
Net profit for the period	-	-	-	-	-	9,820,442	9,820,442
Other comprehensive income:							
Fair value adjustment on available-for-sale investments	-	-	-	-	3,891	-	3,891
Balance at 31 March 2010 (un-audited)	<u>25,000,000</u>	<u>12,500,000</u>	<u>12,500,000</u>	<u>35,314,980</u>	<u>203,347</u>	<u>28,292,002</u>	<u>113,810,329</u>

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the period ended 31 March 2010

	(Un-audited) 3-months ended 31 March 2010 AED	(Un-audited) 3-months ended 31 March 2009 AED
Operating activities		
Net profit for the period	9,820,442	12,517,137
Adjustments for:		
Depreciation	2,153,286	2,055,098
Interest expense	674,506	1,173,833
Provision for employees' end of service benefits	140,859	177,000
Profit on sale of property, plant and equipment	(17,450)	-
Operating profit before working capital changes:	12,771,643	15,923,068
Decrease in inventories	19,386,437	2,607,431
Increase/(decrease) in trade and other receivables	(95,446)	15,241,164
Decrease/(increase) in trade and other payables	(15,174,855)	15,604,508
Cash generated from operations	16,887,779	49,376,171
Interest paid	(530,860)	(836,370)
Employees' end of service benefits paid	(107,634)	(568,060)
Cash provided by operating activities	16,249,285	47,971,741
Cash flow from investing activities		
Purchase of property, plant and equipment	(699,755)	(718,744)
Proceeds from sale of property, plant and equipment	17,450	-
Cash used in investing activities	(682,305)	(718,744)
Cash flow from financing activities		
Net outflow on trust receipts	(9,600,410)	(26,059,251)
Net outflow on term loan	-	(9,879,187)
Cash used in financing activities	(9,600,410)	(35,938,438)
Net increase in cash and cash equivalents	5,966,570	11,314,559
Analysis of net increase in cash and cash equivalents:		
Cash and cash equivalents at 1 January	(16,066,451)	(39,115,555)
Cash and cash equivalents at 31 March	(10,099,881)	(27,800,996)
	5,966,570	11,314,559

The notes on pages 6 to 8 form an integral part of this interim financial information.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 31 March 2010

1. Legal status and activities

United Foods Company (PSC) (the "Company") was incorporated in Dubai under a decree issued by His Highness the Ruler of Dubai. On 27 June 1994 the Company 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 listed its shares on the Dubai Financial Market (DFM) in July 2006.

The Company had 448 employees as of 31 March 2010 (2009:384).

2 Basis of preparation

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 31 December 2009.

3 Summary of significant accounting policies

This interim condensed financial information has been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 December 2009.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 31 March 2010

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial period are addressed below:

Bad and doubtful debts

The Company assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income statement, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provision for slow moving, damaged and obsolete stock

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognized in the income statement, the Company makes judgments as to whether there is any observable data indicating that there are any future sales of the product and the net realizable value for such product. Accordingly, provision for impairment is made where the net realizable value is less than cost based on best estimates by management. The provision for obsolescence of inventory is based on management review and movement of the inventory.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to fluctuations in commodity prices which may cause selling prices and the future realisation of the carrying amounts of inventory to change rapidly.

Useful life of assets

Management reviews the useful lives of depreciation assets at each reporting date. Management assesses at each reporting date, that the useful lives represent the expected utility of the assets to the Company.

5 Segmental information

The management has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's substantial activities are focused in the Middle East region. Equally, in relation to business segmentation, the Company's products are predominantly focused in the manufacture and processing of butter and cooking oil and the management considers that the risk and rewards from various product lines of the Company are not materially different.

UNITED FOODS COMPANY (PSC)
Notes to the interim condensed financial information (Un-audited)
For the period ended 31 March 2010

6 Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period as follows:

	31 March 2010 AED	31 March 2009 AED
Profit for the period	9,820,442	12,517,137
Weighted number of shares outstanding during the period	25,000,000	25,000,000
Earnings per share – Basic and diluted	0.39	0.50

7 Capital commitments

The capital commitments of the Company as at 31 March 2010 were AED 1,662,387 (31 December 2009: AED 1,826,412).

8 Contingencies and other commitments

	31 March 2010 AED	31 December 2009 AED
Export sales to be made through irrevocable letters of credit	404,802	8,211,811
Guarantees issued by banks on behalf of the Company	1,405,180	1,296,180
Purchase commitments	15,477,263	14,477,589

9 Contingent liability

A customer of the Company is claiming for the enforcement of an existing exclusive agency agreement entered into between the Company and the customer as well as a substantial amount in compensation for damages incurred due to the alleged breaches. While the Company intends to file a counter claim as the customer is in breach of his obligations pursuant to a secondary agreement entered into with the Company, it is not currently practicable to estimate if there will be any financial impact on the Company nor is it possible to provide a reasonable assessment of any outcome from this claim as the arbitration request was received only on 14 April 2010 and the Company together with its legal advisors are currently assessing the matter further.