

United Kaipara Dairies Company (PSC)
and its subsidiary

Interim consolidated condensed
financial statements

31 March 2007

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P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

Independent Auditors' Report on Review of Interim Financial Information

The Shareholders
United Kaipara Dairies Company (PSC)

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of United Kaipara Dairies Company (PSC) ("the Company") as at 31 March 2007, and the related consolidated condensed statements of income, changes in equity and cash flows for the three month period then ended (the interim financial information). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, '*Interim Financial Reporting*'. 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 Standard on Review Engagements 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 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 consolidated interim financial information as at 31 March 2007 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.


13 MAY 2007

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed income statement for the period ended 31 March 2007 (Unaudited)

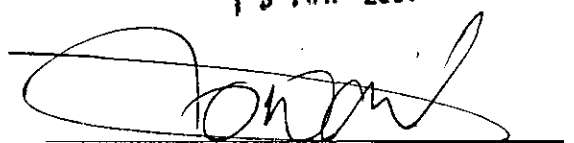
		Three months period ended 31 March 2007 AED'000	Three months period ended 31 March 2006 AED'000
	<i>Note</i>		
Revenue		63,236	57,431
Cost of sales	4	(44,219)	(42,309)
Gross profit		19,017	15,122
Administrative and general expenses	5	(17,894)	(16,662)
Finance costs (net)		(106)	(55)
Other income		334	521
Net profit before tax		1,351	(1,074)
Taxation		(39)	-
Net profit after tax		1,312	(1,074)

The notes set out on pages 6 to 10 form part of this interim consolidated condensed financial information.

United Kaipara Dairies Company (PSC) and its subsidiary
Interim consolidated condensed balance sheet
at 31 March 2007 (Unaudited)

		31 March 2007	Audited 31 December 2006	31 March 2006
	Note	AED'000	AED'000	AED'000
Property, plant and equipment	6	50,899	49,976	47,770
Available for sale investment	7	6,108	5,828	5,578
Current assets				
Inventories	8	53,699	61,778	34,480
Trade and other receivables	9	25,568	30,868	27,907
Cash at bank and in hand		2,901	3,828	4,750
		<u>82,168</u>	<u>96,474</u>	<u>67,137</u>
Current liabilities				
Trade and other payables	10	44,950	52,878	37,769
Due to related parties	11	3,141	3,324	4,499
Bank overdraft		3,429	5,963	-
		<u>51,520</u>	<u>62,165</u>	<u>42,268</u>
Net current assets		<u>30,648</u>	<u>34,309</u>	<u>24,869</u>
Net assets		<u>87,655</u>	<u>90,113</u>	<u>78,217</u>
Represented by				
Share capital		25,000	25,000	25,000
Reserves		62,655	65,113	53,217
		<u>87,655</u>	<u>90,113</u>	<u>78,217</u>

This interim consolidated condensed financial information was authorized for issue on behalf of the board of directors on **13 MAY 2007**


Abdul Rahman Mohammad Bin Nasser Al Owais
Chairman


Butti Obaid Al Mulla
Director

The notes set out on pages 6 to 10 form part of this interim consolidated condensed financial information.

United Kaipara Dairies Company (PSC) and its subsidiary
Interim consolidated condensed statement of cash flows
for the period ended 31 March 2007 (Unaudited)

	31 March 2007 AED'000	31 March 2006 AED'000
Operating activities		
Net profit/(loss) before tax	1,351	(1,074)
Adjustments for:		
Depreciation	2,744	2,180
Profit on disposal of property, plant and equipment	(171)	(535)
	<u>3,924</u>	<u>571</u>
Operating profit before working capital changes		
Change in trade and other receivables	5,300	1,048
Change in inventories	8,079	9,597
Change in trade and other payables	(6,643)	(3,360)
Change in due to related parties	(183)	1,012
	<u>10,477</u>	<u>8,868</u>
Investing activities		
Additions to property, plant and equipment	(3,707)	(2,686)*
Proceeds from disposal of property, plant and equipment	211	535
	<u>(3,496)</u>	<u>(2,151)</u>
Financing activities		
Director's fee paid	(300)	-
Dividend paid	(5,000)	-
Tax paid	(74)	-
	<u>(5,374)</u>	<u>-</u>
Net increase in cash and cash equivalents	1,607	6,717
Cash and cash equivalents at the beginning of the period	(2,135)	(1,967)
Cash and cash equivalents at the end of the period	<u>(528)</u>	<u>4,750</u>
These comprise the following:		
Cash in hand and at bank	2,901	4,750
Bank overdraft	(3,429)	-
	<u>(528)</u>	<u>4,750</u>

The notes set out on pages 6 to 10 form part of these interim consolidated condensed financial statements.

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed statement of changes in equity

for the period ended 31 March 2007 (Unaudited)

	Share capital AED'000	Legal reserve AED'000	General reserve AED'000	Fixed assets replacement reserve AED'000	Retained earnings AED'000	Proposed dividend AED'000	Directors' fees AED'000	Fair value reserve AED'000	Total AED'000
At 1 January 2006	25,000	11,530	28,000	10,600	4,161	-	-	-	79,291
Net loss for the period	-	-	-	-	(1,074)	-	-	-	(1,074)
At 31 March 2006	<u>25,000</u>	<u>11,530</u>	<u>28,000</u>	<u>10,600</u>	<u>3,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,217</u>
At 1 January 2007	25,000	13,291	32,750	15,000	22	3,750	300	-	90,113
Dividend paid	-	-	-	-	-	(3,750)	-	-	(3,750)
Director's fees paid	-	-	-	-	-	-	(300)	-	(300)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	280	280
Net profit for the period	-	-	-	-	1,312	-	-	-	1,312
At 31 March 2007	<u>25,000</u>	<u>13,291</u>	<u>32,750</u>	<u>15,000</u>	<u>1,334</u>	<u>-</u>	<u>-</u>	<u>280</u>	<u>87,655</u>

In accordance with the interpretation of Article 118 of the UAE Federal Law No. 8 of 1984 by the Ministry of Economy & Commerce, Directors' fees have been treated as an appropriation from equity.

No allocation of profit has been made to the legal reserve, general reserve and fixed assets replacement reserves for the three month period ended 31 March 2007 as it would be affected at the year-end.

The notes set out on pages 6 to 10 form part of this interim consolidated condensed financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information
for the three month period ended 31 March 2007 (unaudited)

1. Reporting entity

United Kaipara Dairies Company (PSC) ("the Company") is a Public Shareholding Company, incorporated on 11 April 1977 by a Decree from His Highness, The Ruler of Dubai. On 8 June 1994, the Company amended its status to a public shareholding company to comply with the provisions of the UAE Federal Law No. 8 of 1984 (as amended). The Company and its subsidiary are collectively referred to as ("the Group"). The legal status of the subsidiary is set out in note 14.

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

2 Basis of preparation and significant accounting policies

This interim consolidated condensed financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. This financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2006.

The accounting policies applied in the preparation of the interim consolidated condensed financial information are consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2006.

The interim consolidated condensed financial information of the Group, presented in UAE Dirhams ("AED"), which is the Company's functional currency, rounded to the nearest thousand, have been prepared under the historical cost convention, except for financial instruments classified as available for sale are stated at fair value.

3 Accounting estimates and judgements

The preparation of interim financial information in conformity with IAS 34 - *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2006.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information (*continued*)
for the three months period ended 31 March 2007(*unaudited*)

4 Cost of sales

	Three months period ended 31 March 2007 AED '000	Three months period ended 31 March 2006 AED '000
<i>These include:</i>		
Staff costs	1,157	1,167

5 Administrative and general expenses

	Three months period ended 31 March 2007 AED '000	Three months period ended 31 March 2006 AED '000
<i>These include:</i>		
Staff costs	8,010	7,439
Depreciation	2,744	2,180
Commercial vehicle expenses	2,822	2,549
Utilities	1,427	1,476

6 Property, plant and equipment

Additions and disposals

During the quarter ended 31 March 2007, the Group acquired assets amounting to AED 3.7 million (*quarter ended 31 March 2006: AED 8.6 million*).

7 Available for sale investments

	Unaudited 31 March 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 31 March 2006 AED'000
Opening balance *	5,828	5,578	5,578
Additions during the period/year	-	250	-
Gain on fair valuation	280	-	-
Closing balance	6,108	5,828	5,578

* Includes investment made in unquoted equity shares of Rawabi Emirates PJSC. Since the investments does not have a quoted market price in an active market, the fair value cannot be reliably measured and are stated at cost, less impairment losses if any.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information (*continued*)
for the three months period ended 31 March 2007(*unaudited*)

8 Inventories

	31 March 2007 AED'000	Audited 31 December 2006 AED'000	31 March 2006 AED'000
Raw materials and packing materials	34,430	40,469	17,542
Work in process	1,200	1,287	1,239
Finished products	3,392	3,304	3,007
Trading stocks	10,786	9,772	8,297
Consumable stores and spare parts	6,508	6,290	5,313
	-----	-----	-----
	56,316	61,122	35,398
Less: Provision for slow moving inventory	(2,617)	(2,617)	(2,504)
	-----	-----	-----
	53,699	58,505	32,894
Goods in transit	-	3,273	1,586
	-----	-----	-----
	53,699	61,778	34,480
	=====	=====	=====

9 Trade and other receivables

	31 March 2007 AED'000	Audited 31 December 2006 AED'000	31 March 2006 AED'000
Trade receivables	24,596	29,711	29,184
Less: Provision for bad and doubtful debts	(2,478)	(2,317)	(3,599)
	-----	-----	-----
	22,118	27,394	25,585
Advances, deposit and prepayments	3,450	3,474	2,322
	-----	-----	-----
	25,568	30,868	27,907
	=====	=====	=====

10 Trade and other payables

	31 March 2007 AED'000	Audited 31 December 2006 AED'000	31 March 2006 AED'000
Trade payable	18,016	22,156	14,999
Employee terminal benefits	9,421	9,218	7,634
Other payables and accruals	13,560	16,266	14,796
Provision for taxation	203	238	340
Dividend payable	3,750	5,000	-
	-----	-----	-----
	44,950	52,878	37,769
	=====	=====	=====

The tax charge is in respect of Unikai and Company LLC ("the subsidiary")-Oman operations (refer note 14) is liable to income tax in accordance with the income tax laws of the Sultanate of Oman at the rates ranging from 0% to 30% depending on the level of its taxable profits.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information
for the three months period ended 31 March 2007 (unaudited)

11 Related party transactions

Significant related party transactions are as follows:

	Three months period ended 31 March 2007 AED'000	Three months period ended 31 March 2006 AED'000
Sales to related parties	82	135
Purchases from related parties	<u>3,251</u>	<u>3,495</u>

The compensation to key management
personnel is as follows:

Employee benefits (including remuneration)	<u>166</u>	<u>109</u>
--	------------	------------

	31 March 2007 AED'000	31 Dec 2006 AED'000	31 March 2006 AED'000
Due to related parties			
United Foods Company PSC	1,821	1,524	3,265
United Cans Company LLC	1,320	1,800	1,234
	<u>3,141</u>	<u>3,324</u>	<u>4,499</u>

12 Earnings per share

	Three months period ended 31 March 2007	Three months period ended 31 March 2006
Earnings per share	<u>5</u>	<u>(4)</u>

13 Contingent liabilities and capital commitments

	31 March 2007 AED'000	31 March 2006 AED'000
Letter of credits	15,330	7,198
Bank guarantees	4,189	1,780
Capital commitments	<u>250</u>	<u>2,550</u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information *(continued)*
for the three months period ended 31 March 2007 (unaudited)

14 Subsidiary

The Company holds 100% of the shares (2% held by Directors for beneficial interest of the Company) of Unikai and Company LLC ("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 creams and other food products.

15 Proposed dividend

For the period ended 31 Dec 2006, the Board of Directors had proposed a dividend of 15% cash. These have been subsequently approved in the Annual General Meeting held 07 April 2007.