

**United Kaipara Dairies Company (PSC)
and its subsidiary**

**Interim consolidated condensed
financial information**
30 September 2008

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed financial information

30 September 2008

<i>Contents</i>	<i>Pages</i>
Independent Auditors' Report on Review of Interim Financial Information	1
Interim consolidated condensed income statement	2
Interim consolidated condensed balance sheet	3
Interim consolidated condensed statement of cash flows	4
Interim consolidated condensed statement of changes in equity	5
Notes	6 - 10



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Independent Auditors' Report on Review of Interim Financial Information

The Shareholders
United Kaipara Dairies Company (PSC)

Introduction

We have reviewed the accompanying interim consolidated condensed balance sheet of United Kaipara Dairies Company (PSC) ("the Company") and its subsidiary (collectively referred to as "the Group") as at 30 September 2008, and the related consolidated condensed statements of income, changes in equity and cash flows for the nine month period then ended (the interim consolidated financial information). Management is responsible for the preparation and presentation of the consolidated condensed interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on the 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 interim consolidated financial information as at 30 September 2008 is not prepared, in all material respects, in accordance with IAS 34.

Vijendranath Malhotra
Registration No. 48B
Dubai, United Arab Emirates

3 November 2008

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed income statement for the period ended 30 September 2008

		Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	Note	2008 AED'000	2007 AED'000	2008 AED'000	2007 AED'000
Revenue		112,690	85,186	291,473	234,041
Cost of sales	4	(73,810)	(54,923)	(191,821)	(154,165)
Gross profit		38,880	30,263	99,652	79,876
Administrative and general expenses	5	(30,393)	(21,903)	(78,863)	(61,476)
Finance costs (net)		(420)	(357)	(1,241)	(514)
Other income		831	375	1,764	1,222
Profit before tax		8,898	8,378	21,312	19,108
Taxation		-	(57)	-	(139)
Profit after tax		8,898	8,321	21,312	18,969

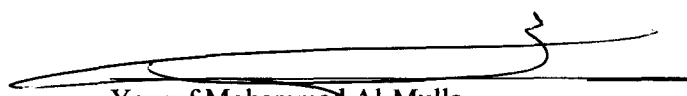
The notes set out on pages 6 to 10 form part of this interim consolidated condensed financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed balance sheet at 30 September 2008

	Note	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Property, plant and equipment	6	61,543	56,261	55,991
Available for sale investment	7	6,435	7,157	6,366
Current assets				
Inventories	8	106,755	87,043	91,821
Trade and other receivables	9	53,700	31,640	31,040
Cash at bank and in hand		1,817	2,975	2,246
		<u>162,272</u>	<u>121,658</u>	<u>125,107</u>
Current liabilities				
Trade and other payables	10	63,446	45,645	48,359
Due to related parties	11	3,515	2,524	2,587
Bank overdraft		42,313	28,521	30,948
		<u>109,274</u>	<u>76,690</u>	<u>81,894</u>
Net current assets		<u>52,998</u>	<u>44,968</u>	<u>43,213</u>
Net assets		<u>120,976</u>	<u>108,386</u>	<u>105,570</u>
Represented by				
Share capital		25,000	25,000	25,000
Reserves		95,976	83,386	80,570
		<u>120,976</u>	<u>108,386</u>	<u>105,570</u>

The interim consolidated condensed financial information was authorized for issue on behalf of the Board of Directors on 3 November 2008


Yousuf Mohammed Al-Mulla
Vice Chairman


Ali Bin Humaid Al Owais
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 30 September 2008

	Unaudited 30 September 2008 AED'000	Unaudited 30 September 2007 AED'000
Operating activities		
Profit before tax for the period	21,312	19,108
Adjustments for:		
Depreciation	8,569	8,508
(Loss)/gain on disposal of property, plant and equipment	(536)	11
<i>Operating profit before working capital changes</i>	<u>29,345</u>	<u>27,627</u>
Change in trade and other receivables	(22,060)	(172)
Change in inventories	(19,712)	(30,043)
Change in trade and other payables	17,887	(4,584)
Change in due to related parties	991	(737)
Tax paid	(86)	(74)
<i>Net cash flows from/(used in) operating activities</i>	<u>6,365</u>	<u>(7,983)</u>
Investing activities		
Additions to property, plant and equipment	(13,891)	(14,774)
Proceeds from disposal of property, plant and equipment	576	240
<i>Net cash flows used in investing activities</i>	<u>(13,315)</u>	<u>(14,534)</u>
Financing activities		
Director's fee paid	(500)	(300)
Dividend paid	(7,500)	(3,750)
<i>Net cash flows used in financing activities</i>	<u>(8,000)</u>	<u>(4,050)</u>
Net decrease in cash and cash equivalents	(14,950)	(26,567)
Cash and cash equivalents at the beginning of the period	<u>(25,546)</u>	<u>(2,135)</u>
Cash and cash equivalents at the end of the period	<u>(40,496)</u>	<u>(28,702)</u>
These comprise the following:		
Cash in hand and at bank	1,817	2,246
Bank overdraft	(42,313)	(30,948)
	<u>(40,496)</u>	<u>(28,702)</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 30 September 2008 (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 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	-	-	-	-	-	-	-	538	538
Profit for the period	-	-	-	-	18,969	-	-	-	18,969
At 30 September 2007	<u>25,000</u>	<u>13,291</u>	<u>32,750</u>	<u>15,000</u>	<u>18,991</u>	<u>-</u>	<u>-</u>	<u>538</u>	<u>105,570</u>
At 1 January 2008	25,000	13,291	45,750	15,000	34	7,500	500	1,311	108,386
Dividend paid	-	-	-	-	-	(7,500)	-	-	(7,500)
Director's fees paid	-	-	-	-	-	-	(500)	-	(500)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	(722)	(722)
Profit for the period	-	-	-	-	21,312	-	-	-	21,312
At 30 September 2008	<u>25,000</u>	<u>13,291</u>	<u>45,750</u>	<u>15,000</u>	<u>21,346</u>	<u>-</u>	<u>-</u>	<u>589</u>	<u>120,976</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 nine month period ended 30 September 2008 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 nine month period ended 30 September 2008

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

The interim consolidated condensed financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The 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 2007.

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, which have quoted market price are stated at fair value.

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 2007.

Available for sale investments

Available for sale investment are stated at fair value, with any resultant gain or loss being recognized directly in equity, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement. However, the investments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost, including transaction costs, less impairment losses, if any.

3 Accounting estimates and judgements

The preparation of interim financial information in conformity with IAS 34 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 were applied in preparation of the consolidated financial statements as at and for the year ended 31 December 2007.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information *(continued)*
for the nine months period ended 30 September 2008

4 Cost of sales

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	<u>1,245</u>	<u>1,244</u>	<u>3,601</u>	<u>3,738</u>

5 Administrative and general expenses

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	11,947	9,921	21,488	17,397
Depreciation	2,974	2,939	8,569	8,508
Commercial vehicle expenses	2,123	3,700	10,677	10,526
Utilities	<u>2,459</u>	<u>1,792</u>	<u>6,156</u>	<u>4,894</u>

6 Property, plant and equipment

Additions and disposals (unaudited)

During the nine month period ended 30 September 2008, the Group acquired assets amounting to AED 13.89 million (*nine month period ended 30 September 2007: AED 14.77 million*).

7 Available for sale investments

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Opening balance	7,157	5,828	5,828
Additions during the period/year	-	18	-
(Loss)/gain on fair valuation	(722)	1,311	538
Closing balance	<u>6,435</u>	<u>7,157</u>	<u>6,366</u>

Available for sale investments includes investment of AED 5.6 million 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.

Available for sale investments includes investment of AED 0.8 million in quoted equity shares of Dubai Financial Market PJSC and DP World respectively. These investments are stated at fair value, with any resultant gain or loss being recognized directly in equity, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the income statement.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information *(continued)*
for the nine month period ended 30 September 2008

8 Inventories

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Raw materials and packing materials	61,381	60,059	65,190
Work in process	2,082	1,237	1,442
Finished products	4,900	3,563	3,112
Trading stocks	18,473	12,311	15,477
Consumable stores and spare parts	11,721	8,150	7,297
	<u>98,557</u>	<u>85,320</u>	<u>92,518</u>
Less: Provision for slow moving inventory	(3,627)	(3,527)	(2,566)
	<u>94,930</u>	<u>81,793</u>	<u>89,952</u>
Goods in transit	11,825	5,250	1,869
	<u>106,755</u>	<u>87,043</u>	<u>91,821</u>

9 Trade and other receivables

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Trade receivables	49,058	30,783	31,444
Less: Provision for bad and doubtful debts	(2,985)	(2,469)	(2,564)
	<u>46,073</u>	<u>28,314</u>	<u>28,880</u>
Advances, deposit and prepayments	7,627	3,326	2,160
	<u>53,700</u>	<u>31,640</u>	<u>31,040</u>

10 Trade and other payables

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Trade payables	36,210	20,797	24,129
Employee terminal benefits	9,860	9,833	8,537
Other payables and accruals	17,129	14,682	15,367
Provision for taxation	247	333	303
Dividend payable	-	-	23
	<u>63,446</u>	<u>45,645</u>	<u>48,359</u>

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 *(continued)*
for the nine month period ended 30 September 2008

11 Related party transactions

Significant related party transactions are as follows:

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
Sales to related parties	336	212	1,214	452
Purchases from related parties	3,852	4,036	13,754	10,480

The compensation to key management personnel is as follows:

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
Employee benefits (including remuneration)	605	613	1,857	1,120

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
Due to related parties			
United Foods Company PSC	1,511	921	1,510
United Cans Company LLC	2,004	1,603	1,077
	3,515	2,524	2,587

12 Earnings per share

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
Earnings per share	35	33	85	76

13 Contingent liabilities and capital commitments

	Unaudited 30 Sept 2008 AED'000	Unaudited 30 Sept 2007 AED'000
Letter of credits	5,303	10,856
Bank guarantees	4,407	4,387
Capital commitments	6,419	11,233

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information *(continued)*
for the nine month period ended 30 September 2008

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 Cash at bank

	Unaudited 30 September 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 September 2007 AED'000
By geographical area			
UAE	-	99	47
Oman	1,136	2,436	1,682
	<u>1,136</u>	<u>2,535</u>	<u>1,729</u>

16 Proposed dividend

For the period ended 31 December 2007, the Board of Directors had proposed a dividend of 30% cash. These have been subsequently approved in the Annual General Meeting held on 12 April 2008.