

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

Condensed consolidated financial statements
31 March 2009

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Condensed consolidated financial statements

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

Telephone +971 (4) 4030 300
Fax +971 (4) 3301 515
Website www.ae-kpmg.com

Independent Auditor's Report on review of interim Financial Information

The Shareholders
United Kaipara Dairies Company (PSC)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of United Kaipara Dairies Company (PSC) ("the Company") and its subsidiary (collectively referred to as "the Group") as of 31 March 2009, and the related condensed consolidated statement of comprehensive income (comprising a separate condensed consolidated income statement and a condensed consolidated statement of comprehensive income), condensed consolidated statement of changes in equity and condensed consolidated cash flows for the three-month period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (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 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 financial information as at and for the three-month period ended 31 March 2009 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

07 MAY 2009

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

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated income statement

for the period ended 31 March 2009

		Unaudited Three months period ended 31 March 2009 AED'000	Unaudited Three months period ended 31 March 2008 AED'000
	<i>Note</i>		
Revenue		77,769	74,781
Cost of sales	4	(51,719)	(51,209)
Gross profit		26,050	23,572
Administrative and general expenses	5	(23,011)	(21,215)
Finance expense		(142)	(467)
Other income		187	391
Profit before tax		3,084	2,281
Provision for tax		(28)	-
Profit after tax		3,056	2,281

The notes set out on pages 7 to 10 form part of the condensed consolidated financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of comprehensive income
for the period ended 31 March 2009

	Unaudited Three months period ended 31 March 2009 AED'000	Unaudited Three months period ended 31 March 2008 AED'000
Profit for the period	3,056	2,281
Other comprehensive income:		
Net change in fair value of available for sale investments	(2)	(308)
Total comprehensive income for the period	<u>3,054</u>	<u>1,973</u>

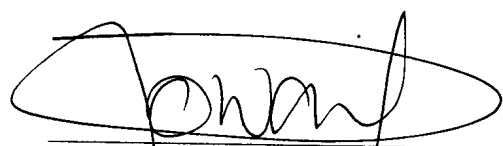
The notes set out on pages 7 to 10 form part of the condensed consolidated financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of financial position as at 31 March 2009

	Note	Unaudited 31 March 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 31 March 2008 AED'000
Property, plant and equipment	6	67,769	65,982	56,039
Available for sale investment	7	5,894	5,896	6,849
Current assets				
Trade and other receivables	8	37,650	43,179	33,085
Inventories	9	66,259	84,217	86,701
Cash at bank and in hand		1,121	2,137	2,734
		<u>105,030</u>	<u>129,533</u>	<u>122,520</u>
Current liabilities				
Trade and other payables	10	40,153	44,297	41,323
Due to related parties	11	1,296	949	3,812
Bank overdraft		14,169	35,644	30,414
		<u>55,618</u>	<u>80,890</u>	<u>75,549</u>
Net current assets		<u>49,412</u>	<u>48,643</u>	<u>46,971</u>
Net assets		<u>123,075</u>	<u>120,521</u>	<u>109,859</u>
Represented by				
Share capital		25,000	25,000	25,000
Reserves		98,075	95,521	84,859
		<u>123,075</u>	<u>120,521</u>	<u>109,859</u>

The condensed consolidated financial information was authorized for issue on behalf of the Board of Directors on



Abdul Rahman Mohammad Bin Nasser Al Owais
Chairman

07 MAY 2009



Yousuf Mohammad Al-Mulla
Vice Chairman

The notes set out on pages 7 to 10 form part of the condensed consolidated financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of cash flows for the period ended 31 March 2009

	Unaudited 31 March 2009 AED'000	Unaudited 31 March 2008 AED'000
Operating activities		
Profit for the period	3,084	2,281
<i>Adjustments for:</i>		
Depreciation	2,673	2,785
Profit on disposal of property, plant and equipment	(18)	(122)
Operating profit before working capital changes	5,739	4,944
Change in trade and other receivables	5,529	(1,445)
Change in inventories	17,958	342
Change in trade and other payables	(4,672)	(4,736)
Change in due to related parties	347	1,288
Tax paid	-	(86)
Cash flows from operating activities	24,901	307
Investing activities		
Additions to property, plant and equipment	(4,465)	(2,575)
Proceeds from disposal of property, plant and equipment	23	134
Cash used in investing activities	(4,442)	(2,441)
Net increase/(decrease) in cash and cash equivalents	20,459	(2,134)
Cash and cash equivalents at the beginning of the period	(33,507)	(25,546)
Cash and cash equivalents at the end of the period	<u>(13,048)</u>	<u>(27,680)</u>
These comprise the following:		
Cash in hand and at bank	1,121	2,734
Bank overdraft	(14,169)	(30,414)
	<u>(13,048)</u>	<u>(27,680)</u>

The notes set out on pages 7 to 10 form part of the condensed consolidated financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of changes in equity for the period ended 31 March 2009 (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 2008	25,000	13,291	45,750	15,000	34	7,500	500	1,311	108,386
Director's fees transferred to payable account	-	-	-	-	-	-	(500)	-	(500)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	(308)	(308)
Profit for the period	-	-	-	-	2,281	-	-	-	2,281
At 31 March 2008	25,000	13,291	45,750	15,000	2,315	7,500	-	1,003	109,859
At 1 January 2009	25,000	13,291	59,150	15,000	30	7,500	500	50	120,521
Director's fees transferred to payable account	-	-	-	-	-	-	(500)	-	(500)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	(2)	(2)
Profit for the period	-	-	-	-	3,056	-	-	-	3,056
At 31 March 2009	25,000	13,291	59,150	15,000	3,086	7,500	-	48	123,075

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 2009 as it would be affected at the year-end.

The notes set out on pages 7 to 10 form part of the condensed consolidated financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information for the three month period ended 31 March 2009

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 condensed consolidated financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, Interim Financial Reporting. The financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2008.

The accounting policies applied in the preparation of the condensed consolidated financial information are consistent with those applied in the annual financial statements of the Group for the year ended 31 December 2008.

The condensed consolidated 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 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 2008.

4 Cost of sales

	Unaudited Three months period ended 31 March 2009 AED '000	Unaudited Three months period ended 31 March 2008 AED '000
These include:		
Staff costs	1,112	1,084

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the three month period ended 31 March 2009

5 Administrative and general expenses

	Unaudited Three months period ended 31 March 2009 AED '000	Unaudited Three months period ended 31 March 2008 AED '000
<i>These include:</i>		
Staff costs	10,606	9,558
Depreciation	2,673	2,785
Commercial vehicle expenses	3,637	3,457
Utilities	2,164	1,532
	<u> </u>	<u> </u>

6 Property, plant and equipment

Additions and disposals (Unaudited)

During the quarter ended 31 March 2009, the Group acquired assets amounting to AED 4.46 million *(quarter ended 31 March 2008: AED 2.57 million)*.

7 Available for sale investments

	Unaudited 31 March 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 31 March 2008 AED'000
Opening balance	5,896	7,157	7,157
Gain / (loss) on fair valuation	(2)	(1,261)	(308)
	<u> </u>	<u> </u>	<u> </u>
Closing balance	5,894	5,896	6,849
	<u> </u>	<u> </u>	<u> </u>

Includes investment amounting to 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.

8 Trade and other receivables

	Unaudited 31 March 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 31 March 2008 AED'000
Trade receivables	36,063	40,276	31,763
Less: Provision for bad and doubtful debts	(2,974)	(3,165)	(2,455)
	<u> </u>	<u> </u>	<u> </u>
Advances, deposit and prepayments	33,089	37,111	29,308
	4,561	6,068	3,777
	<u> </u>	<u> </u>	<u> </u>
	37,650	43,179	33,085
	<u> </u>	<u> </u>	<u> </u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the three month period ended 31 March 2009

9 Inventories

	Unaudited 31 March 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 31 March 2008 AED'000
Raw materials and packing materials	39,630	54,555	63,505
Work in process	1,968	1,497	1,322
Finished products	5,082	4,643	3,323
Trading stocks	12,323	16,023	9,829
Consumable stores and spare parts	10,414	11,044	8,276
	<u>69,417</u>	<u>87,762</u>	<u>86,255</u>
Less: Provision for slow moving inventory	(3,946)	(3,946)	(3,527)
	<u>65,471</u>	<u>83,816</u>	<u>82,728</u>
Goods in transit	788	401	3,973
	<u>66,259</u>	<u>84,217</u>	<u>86,701</u>

10 Trade and other payables

	Unaudited 31 March 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 31 March 2008 AED'000
Trade payable	15,735	19,599	16,647
Employee terminal benefits	11,194	10,819	10,020
Other payables and accruals	12,980	13,663	14,409
Provision for taxation	244	216	247
	<u>40,153</u>	<u>44,297</u>	<u>41,323</u>

The tax charge is in respect of Oman operations. Unikai and Company LLC ("the subsidiary") (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.

11 Related party transactions

Significant related party transactions are as follows:

	Unaudited Three months period ended 31 March 2009 AED'000	Unaudited Three months period ended 31 March 2008 AED'000
Sales to related parties	543	192
Purchases from related parties	<u>3,432</u>	<u>4,011</u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the three month period ended 31 March 2009

11 Related party transactions (continued)

The compensation to key management is as follows:

	Unaudited Three months period ended 31 March 2009 AED'000	Unaudited Three months period ended 31 March 2008 AED'000
Employee benefits (including remuneration)	<u>406</u>	<u>294</u>
Due to related parties	Unaudited 31 March 2009 AED'000	Audited 31 Dec 2008 AED'000
United Foods Company PSC	445	42
United Cans Company LLC	851	907
	<u>1,296</u>	<u>949</u>
		Unaudited 31 March 2008 AED'000
		2,233
		1,579
		<u>3,812</u>

12 Earnings per share

	Unaudited Three months period ended 31 March 2009	Unaudited Three months period ended 31 March 2008
Earnings per share	<u>12</u>	<u>9</u>

13 Contingent liabilities and capital commitments

	Unaudited 31 March 2009 AED'000	Unaudited 31 March 2008 AED'000
Letter of credits	58	2,011
Bank guarantees	4,437	4,408
Capital commitments	<u>2,958</u>	<u>10,469</u>

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 2008, the Board of Directors had proposed a dividend of 30% cash. These have been subsequently approved in the Annual General Meeting held on 18 April 2009.