

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

Condensed consolidated financial statements
30 June 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 Auditors' Report on Review of Interim Financial Information

The Shareholders
United Kaipara Dairies Company (PSC)

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of United Kaipara Dairies Company (PSC) ("the Company") and its subsidiary (collectively referred to as "the Group") as of 30 June 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 six-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 six-month period ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34, '*Interim Financial Reporting*'.

02 AUG 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 30 June 2009

	Note	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
		2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Revenue		95,916	104,002	173,685	178,783
Cost of sales	4	(56,970)	(66,802)	(108,689)	(118,011)
Gross profit		38,946	37,200	64,996	60,772
Administrative and general expenses	5	(27,630)	(27,255)	(50,670)	(48,470)
Finance expense		(216)	(354)	(358)	(821)
Other income		524	542	712	933
Profit before tax		11,624	10,133	14,680	12,414
Provision for taxation		(65)	-	(65)	-
Profit after tax		11,559	10,133	14,615	12,414

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

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of comprehensive income for the period ended 30 June 2009

	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Profit for the period	11,559	10,133	14,615	12,414
Other comprehensive income:				
Net change in fair value of available for sale investments	96	13	94	(295)
Total comprehensive income for the period	<u>11,655</u>	<u>10,146</u>	<u>14,709</u>	<u>12,119</u>

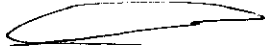
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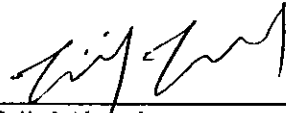
United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of financial position as at 30 June 2009

	<i>Note</i>	Unaudited 30 June 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 June 2008 AED'000
Property, plant and equipment	<i>6</i>	71,089	65,982	58,505
Available for sale investment	<i>7</i>	5,990	5,896	6,862
Current assets				
Inventories	<i>8</i>	60,328	84,217	92,864
Trade and other receivables	<i>9</i>	40,232	43,179	42,774
Cash at bank and in hand		1,638	2,137	2,466
		102,198	129,533	138,104
Current liabilities				
Trade and other payables	<i>10</i>	44,950	44,297	45,023
Due to related parties	<i>11</i>	996	949	5,204
Bank overdraft		6,101	35,644	40,739
		52,047	80,890	90,966
Net current assets		50,151	48,643	47,138
Net assets		127,230	120,521	112,505
Represented by				
Share capital		25,000	25,000	25,000
Reserves		102,230	95,521	87,505
		127,230	120,521	112,505

The Condensed consolidated financial information was authorized for issue on behalf of the Board of Directors on 2 August 2009.


 Ali Bin Humaid Al-Owais
 Director


 Sajjad Ahmad
 Managing Director

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

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of cash flows for the period ended 30 June 2009

	Unaudited 30 June 2009 AED'000	Unaudited 30 June 2008 AED'000
Operating activities		
Profit before tax	14,680	12,414
<i>Adjustments for:</i>		
Depreciation	5,595	5,595
Gain on disposal of property, plant and equipment	(326)	(294)
<i>Operating profit before working capital changes</i>	<u>19,949</u>	<u>17,715</u>
Change in trade and other receivables	2,947	(11,134)
Change in inventories	23,889	(5,821)
Change in trade and other payables	731	(536)
Change in due to related parties	47	2,680
Tax paid	(143)	(86)
<i>Net cash flows from operating activities</i>	<u>47,420</u>	<u>2,818</u>
Investing activities		
Additions to property, plant and equipment	(11,041)	(7,878)
Proceeds from disposal of property, plant and equipment	664	333
<i>Net cash flows from investing activities</i>	<u>(10,377)</u>	<u>(7,545)</u>
Financing activities		
Director's fee paid	(500)	(500)
Dividend paid	(7,500)	(7,500)
<i>Net cash flows from financing activities</i>	<u>(8,000)</u>	<u>(8,000)</u>
Net increase/(decrease) in cash and cash equivalents	29,043	(12,727)
Cash and cash equivalents at the beginning of the period	<u>(33,506)</u>	<u>(25,546)</u>
Cash and cash equivalents at the end of the period	<u>(4,463)</u>	<u>(38,273)</u>
<i>These comprise the following:</i>		
Cash in hand and at bank	1,638	2,466
Bank overdraft	(6,101)	(40,739)
	<u>(4,463)</u>	<u>(38,273)</u>

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

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of changes in equity

for the period ended 30 June 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
Dividend paid	-	-	-	-	-	(7,500)	-	-	(7,500)
Director's fees paid	-	-	-	-	-	-	(500)	-	(500)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	(295)	(295)
Profit for the period	-	-	-	-	12,414	-	-	-	12,414
At 30 June 2008	<u>25,000</u>	<u>13,291</u>	<u>45,750</u>	<u>15,000</u>	<u>12,448</u>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>112,505</u>
At 1 January 2009	25,000	13,291	59,150	15,000	30	7,500	500	50	120,521
Dividend paid	-	-	-	-	-	(7,500)	-	-	(7,500)
Director's fees paid	-	-	-	-	-	-	(500)	-	(500)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	94	94
Profit for the period	-	-	-	-	14,615	-	-	-	14,615
At 30 June 2009	<u>25,000</u>	<u>13,291</u>	<u>59,150</u>	<u>15,000</u>	<u>14,645</u>	<u>-</u>	<u>-</u>	<u>144</u>	<u>127,230</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 six month period ended 30 June 2009 as it would be affected at the year-end.

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

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information for the six month period ended 30 June 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, which 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

	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	<u>1,391</u>	<u>1,273</u>	<u>2,503</u>	<u>2,357</u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the six months period ended 30 June 2009

5 Administrative and general expenses

	Three months period ended 30 June (Unaudited)		Six months period ended 30 June (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	10,974	11,930	21,580	21,488
Depreciation	2,922	2,810	5,595	5,595
Commercial vehicle expenses	4,776	5,097	8,413	8,554
Utilities	2,656	2,165	4,820	3,697

6 Property, plant and equipment

Additions and disposals (Unaudited)

During the six month period ended 30 June 2009, the Group acquired assets amounting to AED 11.04 million *(six month period ended 30 June 2008: AED 7.88 million)*.

7 Available for sale investments

	Unaudited 30 June 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 June 2008 AED'000
Opening balance	5,896	7,157	7,157
Gain /(loss) on fair valuation	94	(1,261)	(295)
Closing balance	5,990	5,896	6,862

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.

8 Inventories

	Unaudited 30 June 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 June 2008 AED'000
Raw materials and packing materials	32,108	54,555	61,532
Work in process	1,475	1,497	1,876
Finished products	4,662	4,643	4,198
Trading stocks	13,915	16,023	17,108
Consumable stores and spare parts	10,450	11,044	8,679
	62,610	87,762	93,393
Less: Provision for slow moving inventory	(3,946)	(3,946)	(3,527)
	58,664	83,816	89,866
Goods in transit	1,664	401	2,998
	60,328	84,217	92,864

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the six months period ended 30 June 2009

9 Trade and other receivables

	Unaudited 30 June 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 June 2008 AED'000
Trade receivables	38,456	40,276	39,573
Less: Provision for bad and doubtful debts	(2,937)	(3,165)	(2,479)
	<u>35,519</u>	<u>37,111</u>	<u>37,094</u>
Advances, deposit and prepayments	4,713	6,068	5,680
	<u>40,232</u>	<u>43,179</u>	<u>42,774</u>

10 Trade and other payables

	Unaudited 30 June 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 June 2008 AED'000
Trade payables	18,356	19,599	20,940
Employee terminal benefits	11,580	10,819	10,652
Other payables and accruals	14,876	13,663	13,184
Provision for taxation	138	216	247
	<u>44,950</u>	<u>44,297</u>	<u>45,023</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.

11 Related party transactions

Significant related party transactions are as follows:

	Three months period ended 30 June (Unaudited) 2009 2008 AED'000 AED'000		Six months period ended 30 June (Unaudited) 2009 2008 AED'000 AED'000	
Sales to related parties	52	686	595	878
Purchases from related parties	3,145	5,891	6,577	9,902

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated financial information *(continued)*
for the six months period ended 30 June 2009

11 Related party transactions (continued)

The compensation to key management personnel is as follows:

	Three months period ended 30 June (Unaudited) 2009 AED'000		Six months period ended 30 June (Unaudited) 2009 AED'000	
	2008 AED'000		2008 AED'000	
Employee benefits (including remuneration)	<u>602</u>	<u>958</u>	<u>1,008</u>	<u>1,252</u>
Due to related parties	Unaudited 30 June 2009 AED'000	Audited 31 Dec 2008 AED'000	Unaudited 30 June 2008 AED'000	
United Foods Company PSC	475	42	3,018	
United Cans Company LLC	521	907	2,186	
	<u>996</u>	<u>949</u>	<u>5,204</u>	

12 Earnings per share

	Three months period ended 30 June (Unaudited) 2009 AED'000		Six months period ended 30 June (Unaudited) 2009 AED'000	
	2008 AED'000		2008 AED'000	
Earnings per share	<u>46</u>	<u>40</u>	<u>58</u>	<u>50</u>

13 Contingent liabilities and capital commitments

	Unaudited 30 June 2009 AED'000	Unaudited 30 June 2008 AED'000
Letter of credits	904	17,493
Bank guarantees	4,437	4,407
Capital commitments	<u>4,053</u>	<u>7,609</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 18 April 2009.