

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

Condensed consolidated interim financial statements
30 September 2009

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

Vijendranath Malhotra
Registration No. 48B
Dubai, United Arab Emirates
Date: 1 November 2009

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated income statement for the period ended 30 September 2009

	Note	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
		2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Revenue		95,996	112,690	269,682	291,473
Cost of sales	4	(55,372)	(73,810)	(164,062)	(191,821)
Gross profit		40,624	38,880	105,620	99,652
Administrative and general expenses	5	(29,313)	(30,393)	(79,983)	(78,482)
Finance expense		(374)	(420)	(732)	(1,622)
Other income		560	831	1,272	1,764
Profit before tax		11,497	8,898	26,177	21,312
Provision for taxation		(66)	-	(131)	-
Profit after tax		11,431	8,898	26,046	21,312

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

United Kaipara Dairies Company (PSC) and its subsidiary

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

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Profit for the period	11,431	8,898	26,046	21,312
Other comprehensive income:				
Net change in fair value of available for sale investments	191	(427)	285	(722)
Total comprehensive income for the period	11,622	8,471	26,331	20,590

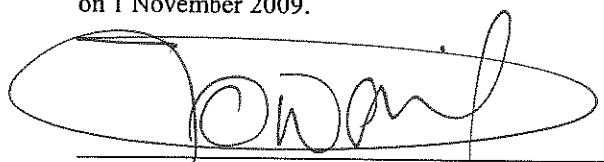
The notes set out on pages 7 to 10 form part of this condensed consolidated interim financial statements.

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of financial position as at 30 September 2009

		Unaudited 30 September 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 September 2008 AED'000
	Note			
Property, plant and equipment	6	75,827	65,982	61,543
Available for sale investment	7	6,181	5,896	6,435
Current assets				
Inventories	8	78,025	84,217	106,755
Trade and other receivables	9	44,085	43,179	53,700
Cash at bank and in hand		3,700	2,137	1,817
		<u>125,810</u>	<u>129,533</u>	<u>162,272</u>
Current liabilities				
Trade and other payables	10	56,144	44,297	63,446
Due to related parties	11	2,641	949	3,515
Bank overdraft		10,181	35,644	42,313
		<u>68,966</u>	<u>80,890</u>	<u>109,274</u>
Net current assets		<u>56,844</u>	<u>48,643</u>	<u>52,998</u>
Net assets		<u>138,852</u>	<u>120,521</u>	<u>120,976</u>
Represented by				
Share capital		25,000	25,000	25,000
Reserves		113,852	95,521	95,976
		<u>138,852</u>	<u>120,521</u>	<u>120,976</u>

The Condensed consolidated interim financial statements was authorized for issue on behalf of the Board of Directors on 1 November 2009.


Abdul Rahman Mohammad Bin Nasser Al Owais
Chairman


Yousuf Mohammad Al-Mulla
Vice Chairman

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

United Kaipara Dairies Company (PSC) and its subsidiary

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

	Unaudited 30 September 2009 AED'000	Unaudited 30 September 2008 AED'000
Operating activities		
Profit before tax	26,177	21,312
<i>Adjustments for:</i>		
Depreciation	8,523	8,569
Gain on disposal of property, plant and equipment	(401)	(536)
<i>Operating profit before working capital changes</i>	<u>34,299</u>	<u>29,345</u>
Change in trade and other receivables	(907)	(22,060)
Change in inventories	6,192	(19,712)
Change in trade and other payables	11,859	17,887
Change in due to related parties	1,692	991
Tax paid	(143)	(86)
<i>Net cash flows from operating activities</i>	<u>52,992</u>	<u>6,365</u>
Investing activities		
Additions to property, plant and equipment	(18,747)	(13,891)
Proceeds from disposal of property, plant and equipment	780	576
<i>Net cash flows from investing activities</i>	<u>(17,967)</u>	<u>(13,315)</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	27,025	(14,950)
Cash and cash equivalents at the beginning of the period	(33,506)	(25,546)
Cash and cash equivalents at the end of the period	<u>(6,481)</u>	<u>(40,496)</u>
<i>These comprise the following:</i>		
Cash in hand and at bank	3,700	1,817
Bank overdraft	(10,181)	(42,313)
	<u>(6,481)</u>	<u>(40,496)</u>

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

United Kaipara Dairies Company (PSC) and its subsidiary

Condensed consolidated statement of changes in equity for the period ended 30 September 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	-	-	-	-	-	-	-	(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>
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	-	-	-	-	-	-	-	285	285
Profit for the period	-	-	-	-	26,046	-	-	-	26,046
At 30 September 2009	<u>25,000</u>	<u>13,291</u>	<u>59,150</u>	<u>15,000</u>	<u>26,076</u>	<u>-</u>	<u>-</u>	<u>335</u>	<u>138,852</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 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 interim financial statements.

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated interim financial statements for the nine month period ended 30 September 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 interim financial statements 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 statements 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 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	<u>1,307</u>	<u>1,245</u>	<u>3,810</u>	<u>3,601</u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated interim financial statements *(continued)*
for the nine months period ended 30 September 2009

5 Administrative and general expenses

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	9,879	8,678	31,459	30,166
Depreciation	2,929	2,974	8,523	8,569
Commercial vehicle expenses	5,785	6,515	14,198	14,969
Utilities	3,110	3,058	7,930	6,755

6 Property, plant and equipment

Additions and disposals (Unaudited)

During the nine month period ended 30 September 2009, the Group acquired assets amounting to AED 18.7 million *(nine month period ended 30 September 2008: AED 13.89 million)*.

7 Available for sale investments

	Unaudited 30 September 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 September 2008 AED'000
Opening balance	5,896	7,157	7,157
Gain /(loss) on fair valuation	285	(1,261)	(722)
Closing balance	6,181	5,896	6,435

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 September 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 September 2008 AED'000
Raw materials and packing materials	48,067	54,555	61,381
Work in process	1,464	1,497	2,082
Finished products	4,333	4,643	4,900
Trading stocks	15,388	16,023	18,473
Consumable stores and spare parts	9,090	11,044	11,721
	78,342	87,762	98,557
Less: Provision for slow moving inventory	(3,946)	(3,946)	(3,627)
	74,396	83,816	94,930
Goods in transit	3,629	401	11,825
	78,025	84,217	106,755

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated interim financial statements (*continued*)
for the nine months period ended 30 September 2009

9 Trade and other receivables

	Unaudited 30 September 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 September 2008 AED'000
Trade receivables	40,791	40,276	49,058
Less: Provision for bad and doubtful debts	(3,144)	(3,165)	(2,985)
	<u>37,647</u>	<u>37,111</u>	<u>46,073</u>
Advances, deposit and prepayments	6,438	6,068	7,627
	<u>44,085</u>	<u>43,179</u>	<u>53,700</u>

10 Trade and other payables

	Unaudited 30 September 2009 AED'000	Audited 31 December 2008 AED'000	Unaudited 30 September 2008 AED'000
Trade payables	27,202	19,599	36,210
Employee terminal benefits	11,653	10,819	9,860
Other payables and accruals	17,085	13,663	17,129
Provision for taxation	204	216	247
	<u>56,144</u>	<u>44,297</u>	<u>63,446</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 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009 AED'000	2008 AED'000	2009 AED'000	2008 AED'000
Sales to related parties	38	336	633	1,214
Purchases from related parties	<u>3,498</u>	<u>3,852</u>	<u>10,075</u>	<u>13,754</u>

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the condensed consolidated interim financial statements *(continued)*
for the nine months period ended 30 September 2009

11 Related party transactions (continued)

The compensation to key management personnel is as follows:

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Employee benefits (including remuneration)	<u>682</u>	<u>605</u>	<u>1,521</u>	<u>1,857</u>
Due to related parties	Unaudited 30 September 2009 AED'000	Audited 31 Dec 2008 AED'000	Unaudited 30 September 2008 AED'000	
United Foods Company PSC	2,192	42	1,511	
United Cans Company LLC	449	907	2,004	
	<u>2,641</u>	<u>949</u>	<u>3,515</u>	

12 Earnings per share

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2009	2008	2009	2008
	AED'000	AED'000	AED'000	AED'000
Earnings per share	<u>46</u>	<u>35</u>	<u>104</u>	<u>85</u>

13 Contingent liabilities and capital commitments

	Unaudited 30 September 2009 AED'000	Unaudited 30 September 2008 AED'000
Letter of credits	122	5,303
Bank guarantees	4,437	4,407
Capital commitments	<u>1,152</u>	<u>6,419</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.