

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

**Interim consolidated condensed
financial statements**
30 September 2007

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Interim consolidated condensed financial statements

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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 2007, 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 interim consolidated condensed 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.

The comparative figures shown as at 30 September 2006 and for the period ended have not been reviewed as this is the first time the interim consolidated condensed financial statements for a nine month period have been reviewed.

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 2007 is not prepared, in all material respects, in accordance with IAS 34.

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

10 November 2007

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed income statement for the period ended 30 September 2007 (Unaudited)

		Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	Note	2007 AED'000	2006 AED'000	2007 AED'000	2006 AED'000
Revenue		85,186	80,477	234,041	210,784
Cost of sales	4	<u>(54,923)</u>	<u>(52,269)</u>	<u>(154,165)</u>	<u>(144,018)</u>
Gross profit		30,263	28,208	79,876	66,766
Administrative and general expenses	5	<u>(21,903)</u>	<u>(20,596)</u>	<u>(61,476)</u>	<u>(56,851)</u>
Finance costs (net)		<u>(357)</u>	<u>(39)</u>	<u>(514)</u>	<u>(129)</u>
Other income		<u>375</u>	<u>293</u>	<u>1,222</u>	<u>2,354</u>
Net profit before tax		8,378	7,866	19,108	12,140
Taxation		<u>(57)</u>	<u>(31)</u>	<u>(139)</u>	<u>(512)</u>
Net profit after tax		<u>8,321</u>	<u>7,835</u>	<u>18,969</u>	<u>11,628</u>

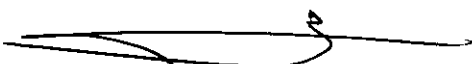
The notes set out on pages 6 to 9 form part of this interim consolidated condensed financial information.

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed balance sheet at 30 September 2007

	Note	Unaudited 30 September 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000
Property, plant and equipment	6	55,991	49,976	50,094
Available for sale investment	7	6,366	5,828	5,578
Current assets				
Inventories	8	91,821	61,778	58,873
Trade and other receivables	9	31,040	30,868	31,779
Cash at bank and in hand		2,246	3,828	8,568
		<u>125,107</u>	<u>96,474</u>	<u>99,220</u>
Current liabilities				
Trade and other payables	10	48,359	52,878	64,702
Due to related parties	11	2,587	3,324	4,282
Bank overdraft		30,948	5,963	289
		<u>81,894</u>	<u>62,165</u>	<u>69,273</u>
Net current assets		<u>43,213</u>	<u>34,309</u>	<u>29,947</u>
Net assets		<u>105,570</u>	<u>90,113</u>	<u>85,619</u>
Represented by				
Share capital		25,000	25,000	25,000
Reserves		80,570	65,113	60,619
		<u>105,570</u>	<u>90,113</u>	<u>85,619</u>

The interim consolidated condensed financial information was authorized for issue on behalf of the Board of Directors on 10 November 2007.


Yousuf Mohamed Al-Mulla
Vice Chairman


Ali Bin Humaid AL Owais
Director

The notes set out on pages 6 to 9 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 2007 (Unaudited)

	30 September 2007 AED'000	30 September 2006 AED'000
Operating activities		
Net profit before tax for the period	19,108	12,140
Adjustments for:		
Depreciation	8,508	8,293
Loss/(gain) on disposal of property, plant and equipment	11	(199)
<i>Operating profit before working capital changes</i>	<u>27,627</u>	<u>20,234</u>
Change in trade and other receivables	(172)	(3,351)
Change in inventories	(30,043)	(14,796)
Change in trade and other payables	(4,584)	18,795
Change in due to related parties	(737)	794
<i>Net cash flows from operating activities</i>	<u>(7,909)</u>	<u>21,676</u>
Investing activities		
Additions to property, plant and equipment	(14,774)	(11,127)
Proceeds from disposal of property, plant and equipment	240	199
<i>Net cash flows from investing activities</i>	<u>(14,534)</u>	<u>(10,928)</u>
Financing activities		
Director's fee paid	(300)	-
Dividend paid	(3,750)	-
Tax paid	(74)	(502)
<i>Net cash flows from financing activities</i>	<u>(4,124)</u>	<u>(502)</u>
Net (decrease)/increase in cash and cash equivalents	(26,567)	10,246
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>(28,702)</u>	<u>8,279</u>
These comprise the following:		
Cash in hand and at bank	2,246	8,568
Bank overdraft	(30,948)	(289)
	<u>(28,702)</u>	<u>8,279</u>

The notes set out on pages 6 to 9 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 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
Dividend proposed and paid during the period	-	-	-	-	(5,000)	-	-	-	(5,000)
Director's fees accrued and paid during the period	-	-	-	-	(300)	-	-	-	(300)
Transfer to legal reserve	-	795	-	-	(795)	-	-	-	-
Transfer to fixed assets replacement reserve	-	-	-	1,500	(1,500)	-	-	-	-
Transfer to general reserve	-	-	350	-	(350)	-	-	-	-
Net profit for the period	-	-	-	-	11,628	-	-	-	11,628
At 30 September 2006	<u>25,000</u>	<u>12,325</u>	<u>28,350</u>	<u>12,100</u>	<u>7,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,619</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	-	-	-	-	-	-	-	538	538
Net 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>

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 2007 as it would be affected at the year-end.

The notes set out on pages 6 to 9 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 2007

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 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, 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 2006.

4. Cost of sales

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2007	2006	2007	2006
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	<u>1,244</u>	<u>1,538</u>	<u>3,738</u>	<u>4,113</u>

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 2007

5 Administrative and general expenses

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2007	2006	2007	2006
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	7,491	6,658	24,888	22,463
Depreciation	2,939	2,739	8,508	8,293
Commercial vehicle expenses	3,700	4,137	10,526	10,370
Utilities	1,792	1,810	4,894	4,955

6 Property, plant and equipment

Additions and disposals (unaudited)

During the nine month period ended 30 September 2007, the Group acquired assets amounting to AED 14.77 million (*nine month period ended 30 September 2006: AED 11.13 million*).

7 Available for sale investments

	Unaudited 30 September 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000
Opening balance *	5,828	5,578	5,578
Additions during the period	-	250	-
Gain on fair valuation	538	-	-
Closing balance	6,366	5,828	5,578

* 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 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000
Raw materials and packing materials	65,190	40,469	29,096
Work in process	1,442	1,287	1,858
Finished products	3,112	3,304	3,716
Trading stocks	15,477	9,772	12,250
Consumable stores and spare parts	7,297	6,290	5,714
	92,518	61,122	52,634
Less: Provision for slow moving inventory	(2,566)	(2,617)	(2,810)
	89,952	58,505	49,824
Goods in transit	1,869	3,273	9,049
	91,821	61,778	58,873

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 2007

9 Trade and other receivables

	Unaudited 30 September 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000
Trade receivables	31,444	29,711	30,593
Less: Provision for bad and doubtful debts	(2,564)	(2,317)	(3,025)
	<u>28,880</u>	<u>27,394</u>	<u>27,568</u>
Advances, deposit and prepayments	2,160	3,474	4,211
	<u>31,040</u>	<u>30,868</u>	<u>31,779</u>

10 Trade and other payables

	Unaudited 30 September 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000
Trade payables	24,129	22,156	34,891
Employee terminal benefits	8,537	9,218	8,279
Other payables and accruals	15,367	16,266	16,326
Provision for taxation	303	238	206
Dividend payable	23	5,000	5,000
	<u>48,359</u>	<u>52,878</u>	<u>64,702</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)	
	2007 AED'000	2006 AED'000	2007 AED'000	2006 AED'000
Sales to related parties	212	168	452	443
Purchases from related parties	<u>4,036</u>	<u>3,025</u>	<u>10,480</u>	<u>11,177</u>

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 2007

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)	
	2007	2006	2007	2006
	AED'000	AED'000	AED'000	AED'000
Employee benefits (including remuneration)	<u>613</u>	<u>384</u>	<u>1,120</u>	<u>664</u>
Due to related parties	Unaudited 30 September 2007 AED'000	Audited 31 December 2006 AED'000	Unaudited 30 September 2006 AED'000	
United Foods Company PSC	1,510	1,524	2,319	
United Cans Company LLC	1,077	1,800	1,963	
	<u>2,587</u>	<u>3,324</u>	<u>4,282</u>	

12 Earnings per share

	Three months period ended 30 September (Unaudited)		Nine months period ended 30 September (Unaudited)	
	2007	2006	2007	2006
	AED'000	AED'000	AED'000	AED'000
Earnings per share	<u>33</u>	<u>31</u>	<u>76</u>	<u>47</u>

13 Contingent liabilities and capital commitments

	Unaudited 30 Sept 2007 AED'000	Unaudited 30 Sept 2006 AED'000
Letter of credits	10,856	5,482
Bank guarantees	4,387	2,344
Capital commitments	<u>11,233</u>	<u>2,239</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 2006, the Board of Directors had proposed a cash dividend of 15%. These have been subsequently approved in the Annual General Meeting held 07 April 2007.