United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed financial statements

31 March 2008

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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 31 March 2008, and the related consolidated condensed statements of income, changes in equity and cash flows for the three 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.

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 31 March 2008 is not prepared, in all material respects, in accordance with IAS 34.

KPMG

12 MAY 2008

United Kaipara Dairies Company (PSC) and its subsidiary

Interim consolidated condensed income statement

for the period ended 31 March 2008

	Note	**Unaudited Three month period ended 31 March 2008 AED'000**	Unaudited Three month period ended 31 March 2007 AED'000
Revenue		**74,781**	63,236
Cost of sales	*4*	**(51,209)**	(44,219)
Gross profit		**23,572**	19,017
Administrative and general expenses	*5*	**(21,215)**	(17,894)
Finance income and exepnse (net)		**(467)**	(106)
Other income		**391**	334
Net profit before tax		**2,281**	1,351
Taxation		**-**	(39)
Net profit after tax		**2,281**	1,312

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 31 March 2008

	Note	**Unaudited 31 March 2008 AED'000**	Audited 31 December 2007 AED'000	Unaudited 31 March 2007 AED'000
Property, plant and equipment	*6*	**56,039**	56,261	50,899
Available for sale investment	*7*	**6,849**	7,157	6,108
Current assets				
Trade and other receivables	*8*	**33,085**	31,640	25,568
Inventories	*9*	**86,701**	87,043	53,699
Cash at bank and in hand		**2,734**	2,975	2,901
		122,520	121,658	82,168
Current liabilities				
Trade and other payables	*10*	**41,323**	45,645	41,200
Due to related parties	*11*	**3,812**	2,524	3,141
Bank overdraft		**30,414**	28,521	3,429
		75,549	76,690	47,770
Net current assets		**46,971**	44,968	34,398
Net assets		**109,859**	108,386	91,405
Represented by				
Share capital		**25,000**	25,000	25,000
Reserves		**84,859**	83,386	66,405
		109,859	108,386	91,405

This interim consolidated condensed financial information was authorized for issue on behalf of the board of directors on 12 MAY 2008

Yousuf Mohammad 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 31 March 2008

	Unaudited 31 March 2008 AED'000	Unaudited 31 March 2007 AED'000
Operating activities		
Net profit before tax	**2,281**	1,351
Adjustments for:		
Depreciation	**2,785**	2,744
Profit on disposal of property, plant and equipment	**(122)**	(171)
Operating profit before working capital changes	**4,944**	3,924
Change in trade and other receivables	**(1,445)**	5,300
Change in inventories	**342**	8,079
Change in trade and other payables	**(4,736)**	(6,643)
Change in due to related parties	**1,288**	(183)
Tax paid	**(86)**	(74)
Net cash flows from operating activities	**307**	10,403
Investing activities		
Additions to property, plant and equipment	**(2,575)**	(3,707)
Proceeds from disposal of property, plant and equipment	**134**	211
Net cash flows from investing activities	**(2,441)**	(3,496)
Financing activities		
Director's fee paid	-	(300)
Dividend paid	-	(5,000)
Net cash flows from financing activities	-	(5,300)
Net increase in cash and cash equivalents	**(2,134)**	1,607
Cash and cash equivalents at the beginning of the period	**(25,546)**	(2,135)
Cash and cash equivalents at the end of the period	**(27,680)**	(528)
These comprise the following:		
Cash in hand and at bank	**2,734**	2,901
Bank overdraft	**(30,414)**	(3,429)
	(27,680)	(528)

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 31 March 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
Director's fees paid	-	-	-	-	-	-	(300)	-	(300)
Fair value adjustment on available for sale investment	-	-	-	-	-	-	-	280	280
Net profit for the period	-	-	-	-	1,312	-	-	-	1,312
At 31 March 2007	**25,000**	**13,291**	**32,750**	**15,000**	**1,334**	**3,750**	**-**	**280**	**91,405**
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)
Net 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**

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 2008 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.

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

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

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 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 applied to the consolidated financial statements as at and for the year ended 31 December 2007.

4 Cost of sales

	Unaudited Three month period ended 31 March 2008 AED'000	Unaudited Three month period ended 31 March 2007 AED'000
These include:		
Staff costs	**1,084**	1,157

United Kaipara Dairies Company (PSC) and its subsidiary

Notes to the interim consolidated condensed financial information *(continued)*

for the three month period ended 31 March 2008

5 Administrative and general expenses

	Unaudited Three month period ended 31 March 2008 AED'000	Unaudited Three month period ended 31 March 2007 AED'000
These include:		
Staff costs	**9,558**	8,010
Depreciation	**2,785**	2,744
Commercial vehicle expenses	**3,457**	2,822
Utilities	**1,532**	1,427

6 Property, plant and equipment

Additions and disposals (Unaudited)

During the quarter ended 31 March 2008, the Group acquired assets amounting to AED 2.57 million *(quarter ended 31 March 2007: AED 3.7 million).*

7 Available for sale investments

	Unaudited 31 March 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 31 March 2007 AED'000
Opening balance *	**7,157**	5,828	5,828
Additions during the period/year	**-**	18	-
(Loss)/gain on fair valuation	**(308)**	1311	280
Closing balance	**6,849**	7,157	6,108

* 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 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 31 March 2007 AED'000
Trade receivables	**31,763**	30,783	24,596
Less: Provision for bad and doubtful debts	**(2,455)**	(2,469)	(2,478)
	29,308	28,314	22,118
Advances, deposit and prepayments	**3,777**	3,326	3,450
	33,085	31,640	25,568

9 Inventories

	Unaudited 31 March 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 31 March 2007 AED'000
Raw materials and packing materials	**63,505**	60,059	34,430
Work in process	**1,322**	1,237	1,200
Finished products	**3,323**	3,563	3,392
Trading stocks	**9,829**	12,311	10,786
Consumable stores and spare parts	**8,276**	8,150	6,508
	86,255	85,320	56,316
Less: Provision for slow moving inventory	**(3,527)**	(3,527)	(2,617)
	82,728	81,793	53,699
Goods in transit	**3,973**	5,250	-
	86,701	87,043	53,699

10 Trade and other payables

	Unaudited 31 March 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 31 March 2007 AED'000
Trade payable	**16,647**	20,797	18,016
Employee terminal benefits	**10,020**	9,833	9,421
Other payables and accruals	**14,409**	14,682	13,560
Provision for taxation	**247**	333	203
	41,323	45,645	41,200

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:

	Unaudited Three months period ended 31 March 2008 AED'000	Unaudited Three months period ended 31 March 2007 AED'000
Sales to related parties	**192**	82
Purchases from related parties	**4,011**	3,251

11 Related party transactions (continued)

The compensation to key management personnel is as follows:

	Unaudited Three month period ended 31 March 2008 AED'000	Unaudited Three month period ended 31 March 2007 AED'000
Employee benefits (including remuneration)	**294**	166

Due to related parties	**Unaudited 31 March 2008 AED'000**	Audited 31 Dec 2007 AED'000	Unaudited 31 March 2007 AED'000
United Foods Company PSC	**2,233**	921	1,821
United Cans Company LLC	**1,579**	1,603	1,320
	3,812	2,524	3,141

12 Earnings per share

	Unaudited Three months period ended 31 March 2008	Unaudited Three months period ended 31 March 2007
Earnings per share	**9**	5

13 Contingent liabilities and capital commitments

	Unaudited 31 March 2008 AED'000	Unaudited 31 March 2007 AED'000
Letter of credits	**2,011**	15,330
Bank guarantees	**4,408**	4,189
Capital commitments	**10,469**	250

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