Grant Thornton

United Foods Company (PSC)

Dubai, United Arab Emirates

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2010

United Foods Company (PSC)
Dubai – United Arab Emirates

Index to the financial statements
For the year ended 31 December 2010

ص.ب: ٥٨٣٦، دبي، ا.ع.م.، هاتف: ٣٣٨٢٦٨٨، فاكس: ٣٣٨١٩٨٧
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شركة الاغذية المتحدة
United Foods Company psc

UNITED FOOD COMPANY (PSC)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors are pleased to present their report together with audited financial statements of United Foods Company (PSC) ("the Company'') for the year ended 31 December 2010.

1 Review of the activities

The Company posted a net profit of AED 54.04 million (2009: AED 55.32 million) with an overall decline of 12% in turnover due to difficult market conditions and stiff price competition. The changes made in the management and the re-organization of the Company continues to bring significantly better results. Efforts to consolidate and improve market coverage will be strengthened further during 2011.

Following is the status of retained earnings:

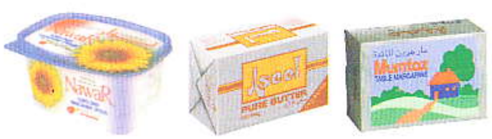
		AED
Balance brought forward from the year 2009		18,471,560
Dividend paid		(7,500,000)
Net profit for the year 2010		54,043,279
Profit available for appropriation		65,014,839
Appropriations:		
Transfer to General reserve	(20,000,000)	
Distribution to directors	(2,000,000)	(22,000,000)
Retained profit		43,014,839

The Directors have proposed cash dividends of 70% (2009: 30%) on share capital amounting to AED 17.5 million (2009: AED 7.5 million).

2 Directors

The list of Directors of the Company is as follows:

- Mr. Ali Bin Humaid Al Owais - Chairman
- H.E. Abdulla Sultan Al Owais - Vice Chairman
- Mr. Yousif Mohamed Al Rasheed - Director
- Mr.Mohamed Salim Rashid Abdalla Al Owais - Director
- Mr. Sajjad Ahmad - Managing Director



SYSTEM CERTIFICATION ISO 14001 SGS
SYSTEM CERTIFICATION ISO 9001:2000 SGS
SYSTEM CERTIFICATION HACCP SGS

3 Auditors

Grant Thornton was appointed auditors of the Company for the year ended 31 December 2010 and being eligible, they have offered themselves for reappointment for the year ended 31 December 2011.

On behalf of the Board,

Ali Bin Humaid Al Owais
Chairman

Dubai, United Arab Emirates
Date: 23 February 2011

Grant Thornton

Report of Independent Auditor's

To the shareholders of
United Foods Company (PSC)
Dubai, United Arab Emirates

Public Accountants
P.O. Box 1620
Warba Centre
Deira-Abu Baker Al Siddique Road
Dubai, United Arab Emirates
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Report on the Financial Statements

We have audited the accompanying financial statements of United Foods Company (PSC) (the "Company"), which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

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Registered with the Dubai Financial Services Authority

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as on 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No 8 of 1984 (as amended), we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief, no violations of above mentioned law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton
Farouk Mohamed
(Registration no. 86)

Dubai, United Arab Emirates
Date: 23 February 2011

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Notes	2010 AED	2009 AED
Assets			
Non-current assets			
Property, plant and equipment	3	72,256,205	60,099,882
Available-for-sale financial assets	4	386,723	476,149
		72,642,928	60,576,031
Current assets			
Inventories	5	94,429,511	92,074,892
Trade and other receivables	6	50,528,316	41,031,233
Cash and bank	7	247,789	555,865
		145,205,616	133,661,990
Total assets		217,848,544	194,238,021
Equity and liabilities			
Equity			
Share capital	8	25,000,000	25,000,000
Statutory reserve	9	12,500,000	12,500,000
Regular reserve	10	12,500,000	12,500,000
General reserve	11	55,314,980	35,314,980
Fair value reserve for available-for-sale financial assets		110,030	199,456
Retained earnings		43,014,839	18,471,560
Total equity		148,439,849	103,985,996
Non-current liabilities			
Employees' end of service benefits	12	2,479,902	2,380,991
Borrowings	13	-	5,000,000
		2,479,902	7,380,991
Current liabilities			
Borrowings	13	10,000,000	34,016,445
Bank overdrafts	14	11,303,902	16,622,316
Trade and other payables	15	45,624,891	32,232,273
		66,928,793	82,871,034
Total liabilities		69,408,695	90,252,025
Total equity and liabilities		217,848,544	194,238,021

These financial statements were approved by the Board of Directors on 23 February 2011 and signed on their behalf by:

Chairman **Vice Chairman**

The notes on pages 9 to 38 form an integral part of these financial statements.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	2010 AED	2009 AED
Sales		345,957,384	394,264,108
Cost of sales	16	(270,472,994)	(314,481,178)
Gross profit		75,484,390	79,782,930
Selling and distribution expenses	17	(11,188,861)	(14,207,428)
Advertising expenses		(1,162,346)	(767,393)
General and administration expenses	18	(8,906,423)	(7,935,386)
Profit from operations		54,226,760	56,872,723
Other income	20	1,392,863	3,055,105
Finance costs	21	(1,576,344)	(4,606,268)
Net profit for the year		54,043,279	55,321,560
Other comprehensive income			
Fair value adjustment on available-for-sale financial assets		(89,426)	157,939
Total comprehensive income		53,953,853	55,479,499
Earnings per share - basic and diluted	22	2.16	2.21

The notes on pages 9 to 38 form an integral part of these financial statements.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Fair value adjustment for available-for-sale financial assets AED	Retained earnings AED	Total AED
Balance at 1 January 2009	25,000,000	8,750,000	-	15,314,980	41,517	-	49,106,497
Distribution to directors	-	-	-	-	-	(600,000)	(600,000)
Net profit for the year	-	-	-	-	-	55,321,560	55,321,560
Transfer of reserves	-	3,750,000	12,500,000	20,000,000	-	(36,250,000)	-
Other comprehensive income:							
Fair value adjustment on available-for-sale investments	-	-	-	-	157,939	-	157,939
Balance at 31 December 2009	25,000,000	12,500,000	12,500,000	35,314,980	199,456	18,471,560	103,985,996
Dividend paid	-	-	-	-	-	(7,500,000)	(7,500,000)
Transaction with owners	-	-	-	-	-	(7,500,000)	(7,500,000)
Distribution to directors	-	-	-	-	-	(2,000,000)	(2,000,000)
Net profit for the year	-	-	-	-	-	54,043,279	54,043,279
Transfer of reserves	-	-	-	20,000,000	-	(20,000,000)	-
Other comprehensive income:							
Fair value adjustment on available-for-sale investments	-	-	-	-	(89,426)	-	(89,426)
Balance at 31 December 2010	25,000,000	12,500,000	12,500,000	55,314,980	110,030	43,014,839	148,439,849

The notes on pages 9 to 38 form an integral part of these financial statements.

UNITED FOODS COMPANY (PSC)
Dubai, United Arab Emirates

STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Notes	2010 AED	2009 AED
Operating activities			
Net profit for the year		54,043,279	55,321,560
Adjustments for:			
Depreciation	3	8,538,513	8,205,166
Provision for obsolescense	5.1	441,179	-
Provision for employees' end of service benefits	12	558,283	563,430
Profit on sale of property, plant and equipment	19	(47,139)	(26,735)
Finance costs	21	1,576,344	4,606,268
Operating profit before working capital changes:		65,110,459	68,669,689
Increase in inventories		(2,795,798)	(10,613,815)
(Increase) / decrease in trade and other receivables		(9,497,083)	30,402,022
Increase in trade and other payables		6,560,756	4,353,169
		59,378,334	92,811,065
Employees' end of service benefits paid	12	(459,372)	(1,122,491)
Net cash provided by operating activities		58,918,962	91,688,574
Investing activities			
Purchase of property, plant and equipment		(15,756,805)	(5,101,039)
Proceeds from sale of property, plant and equipment		121,508	70,365
Net cash used in investing activities		(15,635,297)	(5,030,674)
Financing activities			
Repayment of borrowings	13	(5,000,000)	(5,000,000)
Net outflow on trust receipts		(24,016,445)	(23,247,324)
Payment of time loan		-	(30,857,433)
Finance charges paid		(1,756,882)	(4,504,039)
Dividend paid		(7,500,000)	-
Net cash used in financing activities		(38,273,327)	(63,608,796)
Net increase in cash and cash equivalents		5,010,338	23,049,104
Cash and cash equivalents at 1 January		(16,066,451)	(39,115,555)
Cash and cash equivalents at 31 December	7	(11,056,113)	(16,066,451)

The notes on pages 9 to 38 form an integral part of these financial statements.

1 LEGAL STATUS AND ACTIVITIES

United Foods Company (PSC) (the "Company") was incorporated in Dubai under a decree issued by His Highness the Ruler of Dubai. On 27 June 1994 the Company amended its status to comply with the provisions of the UAE Commercial Companies Law of 1984 (as amended) as a public shareholding company. The Company's registered office is in Al Quoz, Dubai and its address is PO Box 5836, Dubai, United Arab Emirates. The principal activities of the Company are manufacturing, processing and marketing of hydrogenated vegetable ghee, cooking oil, margarine and butter products.

The Company listed its shares on the Dubai Financial Market (DFM) in July 2006.

The Company had 415 employees as of 31 December 2010 (2009: 446).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of the Company are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') promulgated by the International Accounting Standards Board ('IASB') and interpretations thereof issued by the International Financial Reporting Interpretation Committees.

The Company has elected to present only the 'Statement of comprehensive income' in accordance with "IAS 1 (Revised) Presentation of Financial Statements".

The financial statements are prepared under the historical cost convention except for certain financial instruments, which are stated at fair value. The significant accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

Advances paid towards acquisition of property, plant and equipment and the cost of assets acquired but not ready for use as at the statement of financial position date are disclosed under capital work-in-progress. As the assets are subsequently put for use, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (continued)

Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets concerned. The annual rates used are:

Buildings	20 years
Plant and equipment	4-10 years
Furniture and fittings	4 years
Motor vehicles	4 years

Capital work in progress is not depreciated as if relates to assets that are not ready for use at the statement of financial position date.

Land held for use in production or administration is stated at cost. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains and losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the profit or loss within 'other income' or 'other expense'.

(c) Impairment of assets

The Company assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit or loss. If at the statement of financial position date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(d) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

Financial assets and financial liabilities are measured initially at fair value plus transactions costs.

Subsequent measurement criteria of financial assets and financial liabilities are described below:

Financial assets

For the purpose of subsequent measurement, the Company's financial assets can be classified into the following categories upon initial recognition:

- Loans and receivables; and
- Available for sale financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in the profit or loss or in other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at cost, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, accounts receivables and other receivables fall into this category of financial instruments.

Individually significant loans and receivables are considered for impairment when they are past due or when there is other objective evidence that a specific counterparty will default. Impairment of loans and receivables are presented within 'general and administrative expenses'.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category at inception or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. The Company's available-for-sale financial assets include quoted securities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

Available-for-sale financial assets (continued)

Available-for-sale financial assets are subsequently measured at fair value. Gains and losses are recognised in other comprehensive income and reported through available-for-sale reserve within equity, except for impairment losses which are recognised in the profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt securities which are recognised in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Financial liabilities

The Company's financial liabilities include trade and other payables, bank overdrafts, short and long term borrowings. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

(e) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, current account deposits and bank overdrafts with maturities of less than three months and are subject to insignificant risks of change in value.

(f) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that may, but probably will not, require an outflow of resources. Disclosure is also made in respect of a present obligation as a result of past event that probably requires an outflow of resource, where it is not possible to make a reliable estimate of the outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported as 'finance costs' (see note 21).

(h) Foreign currencies

Financial statements are presented in Arab Emirates Dirhams ('AED'), which is also the functional currency of the Company.

Foreign currency transactions are translated into AED at rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the statement of financial position date. Differences on settlement of foreign exchange transactions and re-measurement of monetary items are recognised in the income statement. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction.

(i) Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued. All shares are equally eligible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

Retained earnings include all current year profit or losses and prior period retained earnings less transfers to reserves and dividend paid.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when dividends have been approved in general meeting prior to the reporting date.

(j) Earnings per share

Basic and diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include all expenses incurred in bringing each product to its present location and condition. Cost is determined on the following basis:

Raw material and trading goods for resale	-	Purchase cost on a weighted average basis.
Work-in-progress and finished goods	-	Cost of direct material and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

(l) Employees' end of service benefits

The Company provides end of service benefits to its employees in accordance with the UAE Labour Law. The entitlement to these benefits is usually based upon the employees' length of service and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

(m) UAE Nationals – Pension and social security

The UAE Government has introduced Federal Labour Law no. 7 of 1999 for pension and social security. Under this law employers are required to contribute 12.5% of the 'contribution calculation salary' of those employees who are UAE nationals. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The Company's contribution is recognised as an expense in the profit or loss on an accrual basis. The employees' and employers' contribution to the extent it remains unpaid at the statement of financial position date is shown under provisions.

(n) Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Sale of goods
Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods supplied are transferred to the buyer and is stated net of trade discounts and sales returns.

Interest income
Interest income is recognised on an accrual basis using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

(p) Significant accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in the above notes, management is required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgment include:

Judgements

Following is the significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Available-for-sale financial assets

The Company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Estimates

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below:

Bad and doubtful debts

The Company assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Significant accounting judgements and key sources of estimation uncertainty (continued)

Provision for slow moving, damaged and obsolete stock

The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recognized in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there are any future sales of the product and the net realizable value for such product. Accordingly, provision for impairment is made where the net realizable value is less than cost based on best estimates by management. The provision for obsolescence of inventory is based on management review and movement of the inventory.

Net realisable values of inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Company's core business is subject to fluctuations in commodity prices which may cause selling prices and the future realisation of the carrying amounts of inventory to change rapidly.

Useful life of assets

Management reviews the useful lives of depreciation assets at each reporting date. Management assesses at each reporting date, that the useful lives represent the expected utility of the assets to the Company.

Fair value estimation of available for sale investments

The fair value of available for sale financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards those are effective in 2010

The following revisions and amendments to existing standards were issued by the International Accounting Standards Board, which are effective for the accounting period on or after 1 January 1 2010. These standards and interpretations do not have a material impact on the Company's financial statements:

IAS 39	Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective for accounting period on or after 1 July 2009).
IFRIC 17	Distributions of Non-cash Assets to Owners effective (effective for accounting period on or after 1 July 2009).
IFRIC 18	Transfers of Assets from Customers (effective for accounting period on or after 1 July 2009).
Annual Improvements 2008	IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' (effective for accounting period on or after 1 July 2009).
Annual Improvements 2009	IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 8 'Operating Segments', IAS 7 'Statement of Cash Flows', IAS 36 'Impairment of Assets', IFRS 2 'Share-based Payment', IAS 1 'Presentation of Financial Statements', IAS 17 'Leases' and IAS 39 'Financial Instruments: Recognition and Measurement' (effective for accounting period on or after 1 January 2010).
Annual Improvements 2009	IAS 38 'Intangible Assets', IFRIC 9 'Reassessment of Embedded Derivatives' and IFRIC 16 'Hedge of a Net Investment in a Foreign Operation' (effective for accounting period on or after 1 July 2009).

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are not yet effective have been provided below and are not expected to have a material impact on the Company's financial statements, except stated specifically.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company (continued)

IAS 24 Related Party Disclosures (effective for accounting period on or after 1 January 2011)

The amendment clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for accounting period on or after 1 February 2010)

The definition of a financial liability is amended in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

IFRS 9 Financial Instruments (effective for accounting period on or after 1 January 2013)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (IFRS 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for the accounting period on or after January 1, 2013. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Company. However, they do not expect to implement the amendments until all chapters of IFRS 9 have been published and they can comprehensively assess the impact of all changes.

IFRIC 14 Prepayments of a minimum funding requirement (effective for accounting period on or after 1 January 2011)

The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company (continued)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting period on or after 1 July 2010)

The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss.

Annual Improvements 2010 (effective for accounting period on or after 1 July 2010)

IAS 27 Consolidated and Separate Financial Statements:

The amendment clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for the accounting period on or after 1 July 2009, or earlier when IAS 27 is applied earlier.

IAS 1 Presentation of Financial Statements:

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements

IAS 34 Interim Financial Reporting:

The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

IFRS 7 Financial Instruments: Disclosures:

The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company (continued)

IFRIC 13 Customer Loyalty Programmes:

The meaning of 'fair value' is clarified in the context of measuring award credits under customer loyalty programmes.

The Company's preliminary assessments indicate that the 2010 Improvements will not have a material impact on the Company's financial statements.

3 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED	Plant and equipment AED	Furniture and fittings AED	Motor vehicles AED	Capital work-in-progress AED	Total AED
Cost:						
At 1 January 2009	45,878,624	97,496,908	2,987,290	9,601,322	1,604,322	157,568,466
Additions	156,104	516,273	98,818	2,652,750	1,677,094	5,101,039
Allocation	2,625,263	292,154	-	-	(2,917,417)	-
Disposals / write off	-	(13,441)	(95,785)	(98,534)	-	(207,760)
At 1 January 2010	48,659,991	98,291,894	2,990,323	12,155,538	363,999	162,461,745
Additions	15,288,967	606,531	183,805	2,778,955	1,910,947	20,769,205
Allocation	30,540	576,000	-	-	(606,540)	-
Disposals	(502,325)	(13,902)	(92,967)	(794,860)	-	(1,404,054)
At 31 December 2010	63,477,173	99,460,523	3,081,161	14,139,633	1,668,406	181,826,896
Accumulated depreciation:						
At 1 January 2009	17,622,404	66,665,882	2,471,606	7,560,935	-	94,320,827
Charge for the year	2,035,608	4,785,767	238,469	1,145,322	-	8,205,166
Disposals / write off	-	-	(74,709)	(89,421)	-	(164,130)
At 1 January 2010	19,658,012	71,451,649	2,635,366	8,616,836	-	102,361,863
Charge for the year	2,129,832	4,662,239	202,801	1,543,641	-	8,538,513
Disposals	(459,373)	(4,094)	(84,882)	(781,336)	-	(1,329,685)
At 31 December 2010	21,328,471	76,109,794	2,753,285	9,379,141	-	109,570,691
Net book value						
At 31 December 2010	42,148,702	23,350,729	327,876	4,760,492	1,668,406	72,256,205
Net book value						
At 31 December 2009	29,001,979	26,840,245	354,957	3,538,702	363,999	60,099,882

3.1 The Company's buildings on Sheikh Zayed Road are constructed on land for which freehold rights have been acquired from the Government of Dubai during the year. The land is registered in the name of the Company.

3.2 The Company's buildings in Jebel Ali Industrial Area are constructed on land taken on lease from the Government of Dubai (note 25).

3.3 Capital work-in-progress relates to some filling machines, storage tanks, transformer and other mechanical items utilised during the course of installation. It also includes construction of sub-station and some electrical works at Al-quoz factory.

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Plant and equipment are under finance from Emirates Industrial Bank and are hypothecated in favour of the institution up to an amount of AED 22,391,477 (2009: 22,391,477).

3.5 The depreciation charge for the year has been dealt with in the profit or loss as follows:

	2010 AED	2009 AED
Cost of sales (note 16)	7,022,224	7,141,415
General and administration expenses (note 18)	1,516,289	1,063,751
	8,538,513	8,205,166

In the opinion of the management, there has been no impairment to the net book value of the Company's property, plant and equipment at 31 December 2010 (2009: Nil).

At year end, the cost of fully depreciated assets still in use was AED 69.2 million (2009: AED 66.4 million).

4 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010 AED	2009 AED
Available-for-sale financial assets	386,723	476,149

Reconciliation of available-for-sale financial assets:

	2010 AED	2009 AED
Balance as at 1 January	476,149	318,210
Fair value adjustment	(89,426)	157,939
Balance as at 31 December	386,723	476,149

5 INVENTORIES

	2010 AED	2009 AED
Raw materials*	66,195,205	74,436,302
Less: Provision for obsolescence (note 5.1)	(815,533)	(742,489)
	65,379,672	73,693,813
Work-in-progress	5,614,225	2,257,870
Finished goods and goods for resale:		
Own manufactured goods	9,732,624	10,494,564
Other	-	511,986
	80,726,521	86,958,233
Goods-in-transit	13,702,990	5,116,659
	94,429,511	92,074,892

* This includes raw-material stock held by a third party of AED Nil (2009: AED 80,306).

5.1 Provision for obsolescence

The movement in the provision for obsolescence can be reconciled as follows:

	2010	2009
Balance at 1 January	742,489	2,888,073
Provision for the year	441,179	-
Written off during the year	(368,135)	(168,352)
Un-utilized amount reversed	-	(1,977,232)
Balance at 31 December	815,533	742,489

6 TRADE AND OTHER RECEIVABLES

	2010	2009
Trade receivables	44,823,169	40,446,006
Less: provision for doubtful debts (note 6.1)	(1,192,155)	(1,328,309)
Trade receivables – net of provision	43,631,014	39,117,697
Amounts due from related parties (note 19)	339,893	65,438
Other receivables	5,631,367	542,365
Prepaid expenses	777,364	804,081
Advances to suppliers	148,678	501,652
	50,528,316	41,031,233

6 TRADE AND OTHER RECEIVABLES (CONTINUED)

As trade receivable are stated net of any required provision and are short term in nature, fair values approximate carrying values. The Company's terms of sale require the amounts to be paid within 30 to 90 days from the transaction date.

6.1 Provision for doubtful debts

The movement in the provision for doubtful debts can be reconciled as follows:

	2010 AED	2009 AED
Balance at 1 January	1,328,309	3,037,893
Written off as uncollectible	(136,154)	(181,437)
Unutilized amounts reversed	-	(1,528,147)
Balance at 31 December	1,192,155	1,328,309

The creation and release of provision for impaired receivables have been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

6.2 Trade receivables past due but not impaired

Trade receivables which are less than three months past due are not considered to be impaired. At 31 December 2010, a gross amount of AED 642,771 (2009: AED 628,655) were past due but not impaired. Past due is determined by management based on prevailing market conditions.

The ageing of amounts past due but not impaired is as follows:

One month past due	642,771	-
Two months past due	-	628,655
	642,771	628,655

6.3 Trade receivables past due and impaired

At 31 December 2010, trade receivables impaired and provided for amounted to AED 1,192,155 (2009: AED 1,328,309).

The ageing of these provisions is as follows:

Over three months	1,192,155	1,328,309

7 CASH AND CASH EQUIVALENTS

	2010 AED	2009 AED
Cash in hand	81,300	64,800
Cash at bank	166,489	491,065
Cash and bank	247,789	555,865
Bank overdraft (note 14)	(11,303,902)	(16,622,316)
Cash and cash equivalents	(11,056,113)	(16,066,451)

All bank accounts are maintained with banks operating in United Arab Emirates.

8 SHARE CAPITAL

	Authorised		Issued and fully paid	
	2010 AED	2009 AED	2010 AED	2009 AED
25 million shares of AED 1.00 each	25,000,000	25,000,000	25,000,000	25,000,000

9 STATUTORY RESERVE

As required by Article 192 of the UAE Commercial Companies Law of 1984 (as amended) and the Company's Articles of Association, at least 10% of the net profit for each year is required to be transferred to statutory reserve and such transfers ceases whenever the sum of the reserve reaches an amount equivalent to (at least 50%) of the paid up share capital of the Company. The reserve is not available for distribution except in the circumstances stipulated by law.

The movement of the account is as follows:

Balance at 1 January	12,500,000	8,750,000
Transferred from profit	-	3,750,000
Balance at 31 December	12,500,000	12,500,000

10 REGULAR RESERVE

In accordance with Clause (67) of the Company's Articles of Association, 10% of the net profit for each year should be transferred to the regular reserve and such transfers cease through a resolution of the usual general assembly upon a suggestion of the management board or if it reached 50% of the paid up share capital of the Company.

The reserve is to be used for purposes as recommended by the management board and approved at the general assembly.

The movement of the account is as follows:

	2010 AED	2009 AED
Balance at 1 January	12,500,000	-
Transferred from profit	-	12,500,000
Balance at 31 December	12,500,000	12,500,000

11 GENERAL RESERVE

In accordance with Clause (67) of the Company's Articles of Association, any undistributed net profit may be transferred to the general reserve according to the decisions of the management board.

The movement of the account is as follows:

Balance at 1 January	35,314,980	15,314,980
Transferred from profit	20,000,000	20,000,000
Balance at 31 December	55,314,980	35,314,980

12 EMPLOYEES' END OF SERVICE BENEFITS

In accordance with UAE Labour Law the Company provides for an end of service benefit for its employees. The amounts recognised in the statement of financial position in respect of end of service benefits are as follows:

12 EMPLOYEES' END OF SERVICE BENEFITS (CONTINUED)

	2010 AED	2009 AED
Employees' end of service benefits	2,479,902	2,380,991

Movements in the liability recognised in the statement of financial position are as follows:

	2010 AED	2009 AED
Liability as at 1 January	2,380,991	2,940,052
Expense recognised in the profit or loss	558,283	563,430
Paid during the year	(459,372)	(1,122,491)
Liability as at 31 December	2,479,902	2,380,991

An actuarial valuation has not been performed as in the opinion of the management the net impact of discount rate and future increase in staff salaries is not likely to be material.

13 BORROWINGS

Long term borrowings

Balance as at 1 January	10,000,000	15,000,000
Repayment during the year	(5,000,000)	(5,000,000)
	5,000,000	10,000,000
Less: Short term portion	(5,000,000)	(5,000,000)
Balance as at 31 December	-	5,000,000

The loan was taken from Emirates Industrial Bank and carries interest rate at 4.5%, payable semi-annually for the principal plus interest. The loan is secured by way of mortgage on the Company's plant and equipment.

Short term borrowings

Trust receipts	5,000,000	29,016,445
Short term portion of long term loan	5,000,000	5,000,000
	10,000,000	34,016,445

Trust receipts represent cash against documents availed by the Company for financing import purchases. The facilities carry interest at EIBOR plus bank margin with and without a minimum floor and are repayable within 120-150 days.

14 BANK OVERDRAFTS

	2010 AED	2009 AED
Bank overdrafts	11,303,902	16,622,316

Certain bank overdrafts are secured by corporate guarantee of the Company and assignment of insurance on inventories of AED 24.25 million (2009: 25 million) on pari-passu basis against both overdraft and trust receipts.

The bank overdraft facilities carry interest at EIBOR plus bank margin with and without a minimum floor.

15 TRADE AND OTHER PAYABLES

Trade payables	25,572,624	11,047,281
Amounts due to related parties (note 19)	6,225,137	13,080,743
Advances from customers	5,384,265	1,640,146
Accrued expenses	3,242,881	2,073,629
Other payables	3,963,554	3,129,040
Provision for leave salaries and air passage	1,236,430	1,261,434
	45,624,891	32,232,273

16 COST OF SALES

	2010 AED	2009 AED
Cost of sales of manufactured goods comprises:		
Materials:		
Opening stock of raw materials	73,693,813	59,684,923
Purchases	232,837,990	286,953,531
Closing stock of raw materials (note 5)	(65,379,672)	(73,693,813)
Raw materials and packing materials consumed	241,152,131	272,944,641
Manufactured overheads:		
Salaries and wages benefits	6,371,232	7,292,646
Fuel and power	14,188,637	14,564,005
Repairs and maintenance	1,155,876	984,860
Depreciation (note 3.6)	7,022,224	7,141,415
Other	3,177,309	2,907,659
Total manufacturing cost	273,067,409	305,835,226
Opening stock of work in progress	2,257,870	2,107,995
Closing stock of work in progress (note 5)	(5,614,225)	(2,257,870)
Cost of goods manufactured	269,711,054	305,685,351
Opening stock of finished goods	10,494,564	19,290,391
Closing stock of finished goods (note 5)	(9,732,624)	(10,494,564)
	270,472,994	314,481,178

17 SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits	3,410,434	2,926,548
Repairs and maintenance	1,080,774	688,242
Rent	492,008	556,031
Motor fuel and oil	1,270,755	985,009
Tour expenses	274,935	287,848
Discount to customers	2,022,180	2,885,777
Commission	74,461	345,583
Freight and loading	1,995,395	4,796,956
Documentation charges	206,795	258,887
Local transport and handling	33,470	173,331
Entertainment expenses	81,626	69,361
Sundry and miscellaneous expenses	246,028	233,855
	11,188,861	14,207,428

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2010 AED	2009 AED
Salaries, wages and other benefits	4,823,034	4,587,169
Legal and professional charges	986,802	309,283
Depreciation (note 3.6)	1,516,289	1,063,751
Repairs and maintenance	111,171	80,855
Motor fuel and oil	73,789	44,585
Communication expenses	196,863	252,258
Government and license fees	344,496	376,985
Printing and stationery	107,942	140,136
Subscriptions and donations	50,551	42,575
Training and development expenses	9,000	3,000
Recruitment and renewal expenses	404,333	664,998
Bank charges	179,126	291,898
Entertainment expenses	30,310	16,648
Sundry and miscellaneous expenses	72,717	61,245
	8,906,423	7,935,386

19 RELATED PARTY TRANSACTIONS

The Company in the normal course of business carried on business with other enterprises that fall within the definition of related party. Details of related party transactions entered into during the year are set out below. The management of the Company believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

Key management personnel (KMP) of the Company include:

- Mr. Ali Bin Humaid Al Owais - Chairman
- H.E. Abdulla Sultan Al Owais - Vice Chairman
- Mr. Yousif Mohamed Al Rasheed - Director
- Mr. Mohamed Salim Rashid Abdalla Al Owais - Director
- Mr. Sajjad Ahmad - Managing Director

19 RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with entities controlled by the shareholders of the Company included in the profit or loss are as follows:

	2010 AED	2009 AED
Sales:		
United Kaipara Dairies Co (PSC)	11,738,200	10,179,925
Modern Bakery	1,338,322	1,474,645
	13,076,522	11,654,570
Purchases:		
United Kaipara Dairies Co (PSC)	32,066,499	10,854,880
United Can Company LLC	24,178,023	37,193,970
	56,244,522	48,048,850

Compensation paid to the key management personnel

	2010 AED	2009 AED
Salaries and allowances	1,859,590	600,000
Distribution to directors	600,000	-

Balances as at the reporting date with entities controlled by shareholders of the Company are as follows:

	2010 AED	2009 AED
Amounts due from		
United Kaipara Dairies Co (PSC)	280,118	-
Modern Bakery	59,775	65,438
	339,893	65,438
Amounts due to		
United Can Company (L.L.C)	6,225,137	13,080,743

20 OTHER INCOME

	2010 AED	2009 AED
Profit on sale of property, plant and equipment	107,245	26,735
Reversal of provision	-	1,528,147
Miscellaneous income	1,285,618	1,500,223
	1,392,863	3,055,105

21 FINANCE COSTS

Interest on long term loan	370,625	598,751
Bank interest	1,186,404	3,990,037
Total interest expense	1,557,029	4,588,788
Guarantee commission	19,315	17,480
	1,576,344	4,606,268

22 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares outstanding during the year as follows:

Profit for the year	54,043,279	55,321,560
Weighted average number of shares outstanding during the year	25,000,000	25,000,000
Earnings per share – basic and diluted	2.16	2.21

23 PROPOSED DIVIDEND

The Board has proposed cash dividends of 70% (2009: 30%) on share capital amounting to AED 17.5 million for the year (2009: AED 7.5 million).

24 CAPITAL MANAGEMENT

The Company's capital management when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide an adequate returns to shareholders, maintain healthy capital ratios in order to support its business and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Company's goal in capital management is to maintain a capital-to-overall financing ratio to be consistent with others in the industry.

There have been no changes in the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The capital for the reporting periods under review is summarised below:

	2010	**2009**
	AED	**AED**
Total equity	148,439,849	103,985,996
Cash and cash equivalents (note 7)	(11,056,113)	(16,066,451)
Capital	137,383,736	87,919,545
Bank borrowings (note 13)	10,000,000	39,016,445
Total equity	148,439,849	103,985,996
Overall financing	158,439,849	138,002,441
Capital- to-overall financing ratio	87%	61%

25 CAPITAL COMMITMENTS

The capital commitments of the Company as at 31 December 2010 were AED 1,946,916 (2009: AED 1,826,412).

26 GUARANTEES AND COMMITMENTS

	2010 AED	2009 AED
Export sales made through irrevocable letters of credit	1,070,895	8,211,811
Purchase commitments	38,146,500	14,477,589
Guarantees issued by banks on behalf of the Company	1,405,180	1,296,180

Purchase commitments represent contracts for purchase of oil in future entered into by the Company for use in manufacture and processing of cooking oils, butter and related products.

27 CONTINGENT LIABILITY

A customer of the Company is claiming for the enforcement of an existing exclusive agency agreement entered into between the Company and the customer as well as a substantial amount in compensation for damages incurred due to alleged breaches. The Company has filed a counter claim as the customer is in breach of his obligations pursuant to a secondary agreement entered into with the Company. It is not currently practicable to estimate if there will be any financial impact on the Company nor is it possible to provide a reasonable assessment of any outcome of this claim. However in response to the arbitration request received on 14 April 2010, both parties have paid their fees and are currently waiting for the arbitrators' appointment.

28 OPERATING LEASE OBLIGATIONS

Lease payments recognized as an expense amount to AED 1,263,869 (2009: AED 1,187,255).

The Company's minimum future lease payments as at 31 December 2010 are as under:

	2010 AED	2009 AED
Not later than one year	1,057,418	672,640
Later than one year and not later than five years	489,810	734,715

The land at Jebel Ali Industrial Area is taken on lease for annual rent of AED 244,905 for 10 years ending December 2013, which can be renewed for further period of 10 years (note 3.2)

29 RISK MANAGEMENT

Financial instruments consist of financial assets and financial liabilities. Company's significant accounting policies for assets and liabilities are set out in note 2. The risks associated with financial instruments and Company's approach to managing such risks is described below:

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to USD. The AED is effectively pegged to the USD, thus balances denominated in USD and other currencies pegged against USD are not considered to represent significant currency risks.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The Company's policy is to minimise interest rate risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At 31 December 2010, the Company is exposed to changes in market interest rates on trust receipts and bank overdraft as these are at variable interest rates. As a result the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's bank accounts are placed with high credit quality national and international banks. Credit risks on receivables are limited to customers, which are carried net of provisions for doubtful receivables. The Company manages credit risk with respect to receivables from customers by dealing with creditworthy parties and by regularly monitoring of payments from customers in accordance with the terms of respective contracts.

The Company's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the statement of financial position date, as summarized below:

29 RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

	Note	2010 AED	2009 AED
Amounts due from related parties	19	339,893	65,438
Trade receivables	6	43,631,014	39,117,697
Other receivables	6	5,631,367	542,365
Cash and bank	7	247,789	555,865
		49,850,063	40,281,365

The Company's management considers that all the above financial assets that are not impaired at each of the reporting dates, are of good credit quality.

Liquidity risk

Liquidity risk also referred to as funding risk is the risk that enterprises will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

The table below summarises the maturity profile of the Company's liabilities. The maturities of liabilities have been determined on the basis of the remaining period from the statement of financial position date to the contractual maturity date.

		Current		Non-Current	
		Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
		AED	AED	AED	AED
31 December 2010					
Borrowings	13	2,500,000	2,500,000	-	-
Trust receipts	13	5,000,000	-	-	-
Bank overdraft	14	11,303,902	-	-	-
Trade payables	15	25,572,624	-	-	-
Amount due to related parties	19	6,225,137	-	-	-
Other payables	15	3,963,554	-	-	-
		54,565,217	2,500,000	-	-

29 RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

		Current		Non-Current	
		Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
		AED	**AED**	**AED**	**AED**
31 December 2009					
Borrowings	13	2,500,000	2,500,000	5,000,000	-
Trust receipts	13	29,016,445	-	-	-
Bank overdraft	14	16,622,316	-	-	-
Trade payables	15	11,047,281	-	-	-
Amount due to related parties	19	13,080,743	-	-	-
Other payables	15	3,129,040	-	-	-
		75,395,825	2,500,000	5,000,000	-

Market risk

Market risk is the risk that the fair values or cash flows of the financial instruments will fluctuate as a result of the change in market prices, whether those changes are caused by factor specific to the individual security or its issuer, or factors affecting all securities, traded in the market. Available for sale financial assets that are an insignificant part of the total assets of the Company are the only financial instruments that are exposed to market risk. The Company actively monitors the key factors that affect stock movements including analysis of operational and financial performance of investee. All Company's investments are within the United Arab Emirates.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between the book values under the historical cost method and fair value estimates. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair values of all classes of the Company's financial assets and financial liabilities are not materially different from their carrying values in the statement of financial position.

30 SEGMENTAL INFORMATION

The management has considered the provisions of IFRS 8 in relation to segmental reporting and concluded that the Company's activities form a single segment under the standard. From a geographical perspective, the Company's substantial activities are focused in the Middle East region. Equally, in relation to business segmentation, the Company's products are predominantly focused in the manufacture and processing of butter and cooking oil and it is considered that, the risks and rewards from various products lines of the Company are not materially different.

31 POST-REPORTING DATE EVENTS

Insurance claim

On 28 June 2010, the Company's factory at Al Qouz was partially damaged by fire. The fire resulted in the loss of inventory, building, equipment, furniture and fittings, the net book value of these assets have been written off whilst an insurance asset has been accounted for. On 18 January 2011 the Company received a confirmation from the insurance company approving claim against the assets damaged in the fire, however, the Company has contested the amount of the claim approved and is in discussions with the insurance company in this regard.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization.