

United Foods Company (PSC)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

FOR THE PERIOD ENDED 30 SEPTEMBER 2015

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF UNITED FOODS COMPANY (PSC)

Introduction

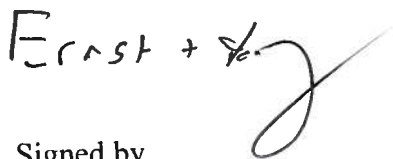
We have reviewed the accompanying interim condensed statement of financial position of United Foods Company (PSC) (the "Company") as at 30 September 2015 and the related interim condensed statements of income and comprehensive income for the three month and nine month periods then ended and the related interim condensed statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by
Anthony O' Sullivan
Partner
Registration No. 687

11 November 2015
Dubai, United Arab Emirates

United Foods Company (PSC)

INTERIM CONDENSED STATEMENT OF INCOME

For the period ended 30 September 2015 (Unaudited)

	<i>Notes</i>	<i>Nine months ended</i>		<i>Three months ended</i>	
		<i>30 September 2015 AED</i>	<i>30 September 2014 AED</i>	<i>30 September 2015 AED</i>	<i>30 September 2014 AED</i>
Sales		308,272,890	320,074,498	87,921,287	98,853,990
Cost of sales		(247,742,069)	(276,411,521)	(71,106,414)	(87,344,781)
GROSS PROFIT		60,530,821	43,662,977	16,814,873	11,509,209
Selling and distribution expenses		(27,689,930)	(22,895,986)	(9,145,665)	(7,635,287)
General and administrative expenses		(10,742,017)	(9,608,076)	(3,428,000)	(3,161,550)
Finance expense		(683,124)	(586,302)	(208,041)	(215,482)
Other income		838,233	1,153,015	359,984	371,790
PROFIT FOR THE PERIOD	3	<u>22,253,983</u>	<u>11,725,628</u>	<u>4,393,151</u>	<u>868,680</u>
Earnings per share in AED	6	<u>0.81</u>	<u>0.43</u>	<u>0.16</u>	<u>0.03</u>

The attached notes 1 to 12 form part of these interim condensed financial statements.

United Foods Company (PSC)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME


For the period ended 30 September 2015 (Unaudited)


	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2015 AED</i>	<i>30 September 2014 AED</i>	<i>30 September 2015 AED</i>	<i>30 September 2014 AED</i>
Profit for the period	22,253,983	11,725,628	4,393,151	868,680
Other comprehensive income <i>Other comprehensive income to be reclassified to profit or loss in the subsequent period:</i>				
Change in fair value of available-for-sale investments	<u>(82,325)</u>	<u>224,721</u>	<u>(75,117)</u>	<u>188,266</u>
Total comprehensive income for the period	<u>22,171,658</u>	<u>11,950,349</u>	<u>4,318,034</u>	<u>1,056,946</u>

The attached notes 1 to 12 form part of these interim condensed financial statements.

United Foods Company (PSC)
 INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
 As at 30 September 2015

	Notes	30 September 2015 AED (Unaudited)	31 December 2014 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	122,550,492	84,592,091
Intangible asset		1,245,144	1,442,666
Available-for-sale investments		435,512	517,837
		<u>124,231,148</u>	<u>86,552,594</u>
Current assets			
Inventories		64,828,566	63,880,499
Accounts receivable and prepayments		72,161,329	70,004,678
Due from a related party	7	224,380	189,767
Bank balances and cash	5	6,980,699	6,828,652
		<u>144,194,974</u>	<u>140,903,596</u>
TOTAL ASSETS		<u>268,426,122</u>	<u>227,456,190</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		27,500,000	27,500,000
Statutory reserve		13,750,000	13,750,000
Regular reserve		13,750,000	13,750,000
General reserve		65,314,980	65,314,980
Fair value reserve		158,819	241,144
Retained earnings		87,527,949	68,023,966
Total equity		<u>208,001,748</u>	<u>188,580,090</u>
LIABILITIES			
Non-current liability			
Employees' end of service benefits		4,391,907	3,879,034
Current liabilities			
Trade and other payables		28,859,110	20,204,603
Due to a related party	7	1,641,034	233,187
Trust receipts		25,532,323	14,559,276
		<u>56,032,467</u>	<u>34,997,066</u>
Total liabilities		<u>60,424,374</u>	<u>38,876,100</u>
TOTAL EQUITY AND LIABILITIES		<u>268,426,122</u>	<u>227,456,190</u>


 Khalid Al Shamsi
 Director
 11 November 2015


 Mohamed Abdel Aziz Abdalla Al Owais
 Executive Vice Chairman
 11 November 2015

The attached notes 1 to 12 form part of these interim condensed financial statements.

United Foods Company (PSC)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2015 (Unaudited)

2015:

	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
Balance as at 1 January 2015	27,500,000	13,750,000	13,750,000	65,314,980	241,144	68,023,966	188,580,090
Profit for the period	-	-	-	-	-	22,253,983	22,253,983
Other comprehensive income	-	-	-	-	(82,325)	-	(82,325)
Total comprehensive income for the period	-	-	-	-	(82,325)	22,253,983	22,171,658
Dividends declared	-	-	-	-	-	(2,750,000)	(2,750,000)
Balance as at 30 September 2015	27,500,000	13,750,000	13,750,000	65,314,980	158,819	87,527,949	208,001,748

United Foods Company (PSC)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (continued)

For the period ended 30 September 2015 (Unaudited)

<u>2014:</u>	Share capital AED	Statutory reserve AED	Regular reserve AED	General reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
Balance as at 1 January 2014	27,500,000	13,750,000	13,750,000	65,314,980	353,741	55,970,604	176,639,325
Profit for the period	-	-	-	-	-	11,725,628	11,725,628
Other comprehensive income	-	-	-	-	224,721	-	224,721
Total comprehensive income for the period	-	-	-	-	224,721	11,725,628	11,950,349
Dividends declared	-	-	-	-	-	(2,750,000)	(2,750,000)
Balance as at 30 September 2014	27,500,000	13,750,000	13,750,000	65,314,980	578,462	64,946,232	185,839,674

United Foods Company (PSC)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 September 2015 (Unaudited)

	Notes	Nine months ended	
		30 September 2015 AED	30 September 2014 AED
OPERATING ACTIVITIES			
Profit for the period		22,253,983	11,725,628
Adjustments for:			
Depreciation		5,884,661	6,212,535
Amortisation		390,744	294,492
(Gain)/ loss on disposal of property, plant and equipment		(233,198)	63,653
Finance cost		683,124	586,302
Provision for employees' end of service benefits		885,721	643,262
		<u>29,865,035</u>	<u>19,525,872</u>
Working capital changes:			
Inventories		(948,067)	(3,599,407)
Accounts receivable and prepayments		(2,156,651)	(5,735,788)
Trade and other payables		8,559,141	14,350,791
Due from a related party		(34,613)	(192,219)
Due to a related party		1,407,847	(2,123,602)
		<u>36,692,692</u>	<u>22,225,647</u>
Employees' end of service benefits paid		(372,848)	(398,177)
Net cash from operating activities		<u>36,319,844</u>	<u>21,827,470</u>
INVESTING ACTIVITIES			
Additions of property, plant and equipment	4	(43,850,069)	(12,208,654)
Additions of intangible assets		(193,222)	(298,744)
Proceeds from disposal of property, plant and equipment		240,205	98,000
Net cash used in investing activities		<u>(43,803,086)</u>	<u>(12,409,398)</u>
FINANCING ACTIVITIES			
Trust receipts obtained		103,952,167	122,319,354
Trust receipts paid		(92,979,120)	(121,683,448)
Finance costs paid		(683,124)	(586,302)
Dividends paid		(2,654,634)	(2,553,200)
Net cash from/ (used in) financing activities		<u>7,635,289</u>	<u>(2,503,596)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		152,047	6,914,476
Cash and cash equivalents at 1 January		<u>5,328,652</u>	<u>5,442,471</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	5	<u><u>5,480,699</u></u>	<u><u>12,356,947</u></u>

The attached notes 1 to 12 form part of these interim condensed financial statements.

United Foods Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2015 (Unaudited)

1 ACTIVITIES

United Foods Company (PSC) (the "Company") is a Public Shareholding Company, incorporated on 1 November 1976 by a Decree issued by His Highness, The Ruler of Dubai. On 27 June 1994, the Company amended its status to a Public Shareholding Company to comply with the provisions of the UAE Commercial Companies Law No. 8 of 1984 (as amended). The Company listed its shares on the Dubai Financial Market (DFM) in July 2006.

The Company is primarily engaged in the manufacturing, processing and marketing of hydrogenated vegetable ghee, blended and cooking oil, margarine, butter products and fat manufacturing. The registered address of the Company is P.O. Box 5836, Dubai, United Arab Emirates.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements for the nine months period ended 30 September 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2014.

In addition, results for the nine months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

New standards, interpretations and amendments thereof, adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2015 has had no effect on the interim financial statements of the Company.

3 PROFIT FOR THE PERIOD

Profit for the period is stated after charging:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>
Employee expenses	<u>23,408,531</u>	<u>20,424,939</u>	<u>7,804,905</u>	<u>7,021,719</u>
Rental - operating lease	<u>2,156,506</u>	<u>1,472,789</u>	<u>537,403</u>	<u>717,000</u>
Inventories charged to cost of sales	<u>224,465,393</u>	<u>248,525,070</u>	<u>63,674,778</u>	<u>74,555,412</u>

4 PROPERTY, PLANT AND EQUIPMENT

Additions and disposals

During the period ended 30 September 2015, the Company incurred cost in respect of additions to property, plant and equipment amounting to AED 43,850,069 (31 December 2014: AED 35,821,207).

During the period ended 30 September 2015, assets with a net book value of AED 7,007 were disposed off by the Company (31 December 2014: AED 221,190).

As at 30 September 2015, capital work-in-progress of AED 64,141,954 (31 December 2014: AED 36,673,765) pertains to the expenditures incurred on the expansion of factory and warehouse facility in Jebel Ali Industrial Area. It includes capital advances of AED 2,144,873 (31 December 2014: AED 8,093,872).

United Foods Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2015 (Unaudited)

5 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents comprise the following:

	<i>30 September 2015 AED (Unaudited)</i>	<i>31 December 2014 AED (Audited)</i>
Cash in hand	84,065	76,054
Bank balances	5,396,634	5,252,598
Deposits	1,500,000	1,500,000
	<u>6,980,699</u>	<u>6,828,652</u>
Bank balances and cash	6,980,699	6,828,652
Less: deposits with an original maturity of more than three months	(1,500,000)	(1,500,000)
	<u>5,480,699</u>	<u>5,328,652</u>
Cash and cash equivalents	<u>5,480,699</u>	<u>5,328,652</u>

6 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period amounting to AED 22,253,983 (30 September 2014: AED 11,725,628) by the weighted average number of ordinary shares outstanding during the period ended 30 September 2015 of 27,500,000 shares (30 September 2014: 27,500,000 shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

7 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a) Significant transactions with related parties:

Significant transactions with related parties included in the interim condensed statement of income are as follows:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>
Other related parties:				
Sales to related parties	941,882	833,746	336,330	309,584
Purchases of raw materials and services	19,111,341	16,001,295	5,472,962	4,381,588
	<u>19,111,341</u>	<u>16,001,295</u>	<u>5,472,962</u>	<u>4,381,588</u>

United Foods Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2015 (Unaudited)

7 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

a) Significant transactions with related parties (continued)

Compensation of key management personnel

The remuneration of directors and other key members of management during the period were as follows:

	<i>Nine months ended</i>		<i>Three months ended</i>	
	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>	<i>30 September 2015 AED (Unaudited)</i>	<i>30 September 2014 AED (Unaudited)</i>
Short-term benefits	2,391,972	2,173,784	797,324	699,136
Employees' end of service benefits	80,407	36,657	31,117	12,367
Bonus	237,000	262,500	79,000	87,500
	<u>2,709,379</u>	<u>2,472,941</u>	<u>907,441</u>	<u>799,003</u>

b) Due from a related party:

	<i>30 September 2015 AED (Unaudited)</i>	<i>31 December 2014 AED (Audited)</i>
Other related party: Modern Bakery LLC	<u>224,380</u>	<u>189,767</u>

c) Due to a related party:

	<i>30 September 2015 AED (Unaudited)</i>	<i>31 December 2014 AED (Audited)</i>
Other related party: United Can Company LLC	<u>1,641,034</u>	<u>233,187</u>

8 CONTINGENCIES AND COMMITMENTS

Contingent liabilities

At 30 September 2015, the Company had contingent liabilities in respect of bank and other guarantees amounting to AED 1,512,000 (31 December 2014: AED 1,512,000), from which it is anticipated that no material liabilities will arise.

Legal claim contingency

The Company has a few pending litigations that occur in the ordinary course of business. To the extent, the Directors believe appropriate, adequate provisions have been made in the accounts.

Capital commitments

At 30 September 2015, the Company had capital commitments in respect of purchase of property, plant and equipment amounting to AED 12,724,254 (31 December 2014: AED 29,113,321).

United Foods Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2015 (Unaudited)

8 CONTINGENCIES AND COMMITMENTS (continued)

Operating lease commitments

The land at Jebel Ali Industrial Area is taken on lease for annual rent of AED 979,616 for 10 years ending January 2023, which can be renewed for a further period of 10 years. The future aggregate minimum lease payments on the land and other leases under non-cancellable operating leases are as follows:

	<i>30 September 2015 AED (Unaudited)</i>	<i>31 December 2014 AED (Audited)</i>
Within one year	1,655,712	1,138,648
After 1 year but not more than five years	4,542,399	3,918,464
More than five years	2,244,953	2,979,665
	<u>8,443,064</u>	<u>8,036,777</u>

9 SEGMENTAL REPORTING

The Company operates in a single reporting segment primarily engaged in manufacturing, processing and marketing of hydrogenated vegetable ghee, cooking oil, margarine, butter products, animal oil and fat manufacturing. All the relevant information relating to this reporting/operating segment is disclosed in the statement of financial position, statements of income and other comprehensive income and notes to the financial statements.

IFRS also requires an entity to report its segment assets and revenues along geographical regions. All significant activities of the Company are performed on an integrated basis in the Middle East and the Directors do not consider an analysis by individual country would be meaningful.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

Major customer

During the period ended 30 September 2015, revenue from one customer amounting to AED 32,274,649 accounts for 10% or more of the Company's total revenue.

During the period ended 30 September 2014, revenue from one customer amounting to AED 52,527,931 accounts for 10% or more of the Company's total revenue.

10 FIDUCIARY ASSETS

As at 30 September 2015, the Company held raw materials, in a fiduciary capacity on behalf of a third party amounting to AED 221,528 (31 December 2014: AED 2,282,457).

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, accounts receivables, due from a related party and available-for-sale investments. Financial liabilities consist of trust receipts, trade and other payables and due to a related party.

The fair values of financial instruments are not materially different from their carrying values.

United Foods Company (PSC)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

As at 30 September 2015 (Unaudited)

II FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 September 2015, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>30 September</i> 2015 AED	<i>Level 1</i> AED	<i>Level 2</i> AED	<i>Level 3</i> AED
Quoted equity securities				
Investments and Financial Services Sector	420,000	420,000	-	-
Marine Terminal Operations Sector	15,512	15,512	-	-
Total	435,512	435,512	-	-

As at 31 December 2014, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>31 December</i> 2014 AED	<i>Level 1</i> AED	<i>Level 2</i> AED	<i>Level 3</i> AED
Quoted equity securities				
Investments and Financial Services Sector	502,500	502,500	-	-
Marine Terminal Operations Sector	15,337	15,337	-	-
Total	517,837	517,837	-	-

During the period ended 30 September 2015 and year ended 31 December 2014, there were no transfers between the various levels of fair value measurements.

12 COMPARATIVE INFORMATION

During the current period, certain account balances of prior period were reclassified to improve the quality of information presented. Such reclassifications do not affect previously reported profit and equity. The details are as follows:

	<i>As previously</i> <i>reported</i> AED	<i>Reclassifications</i> AED	<i>As reported</i> <i>now</i> AED
Statement of income (nine months period ended)			
Sales	318,966,097	1,108,401	320,074,498
Cost of sales	(277,061,885)	650,364	(276,411,521)
Selling and distribution expenses	(22,374,621)	(521,365)	(22,895,986)
General and administrative expenses	(9,542,734)	(65,342)	(9,608,076)
Other income	2,325,073	(1,172,058)	1,153,015
Statement of income (three months period ended)			
Sales	98,393,475	460,515	98,853,990
Cost of sales	(87,559,782)	215,001	(87,344,781)
Selling and distribution expenses	(7,462,285)	(173,002)	(7,635,287)
General and administrative expenses	(3,119,553)	(41,997)	(3,161,550)
Other income	832,305	(460,515)	371,790