Rödl Middle East

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
WITH REVIEW REPORT
(UNAUDITED)

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 WITH REVIEW REPORT (UNAUDITED)

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Rödl Middle East

REVIEW REPORT

The Shareholders
Gulfa Mineral Water
And Processing Industries Co, PLC
Ajman – United Arab Emirates

Review Report on the interim condensed financial information

Introduction
We have reviewed the accompanying interim condensed statement of financial position of Gulfa Mineral Water and Processing Industries Co, PLC as of September 30, 2012, the related interim condensed statements of comprehensive income, cash flows and changes in shareholders' equity for the nine months period then ended, Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No, (34) "Interim Financial Reporting", Our responsibility is to express a conclusion on this interim condensed 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 Auditors of the Entity".

A review of interim condensed 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 came to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard No, (34) "Interim Financial Reporting".

Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company, Also, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1984, as amended, nor of the Company's Articles of Association have occurred during the nine months ended September 30, 2012 that might have had a material effect on the business of the Company or on its financial position.

Rödl Middle East
Certified Public Accountants
Hikmat Mukhaimer FCCA
Registration No,: 355

October 8, 2012
Ajman – U.A.E.

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Exhibit-A

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2012
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	Notes	September 30, 2012 (unaudited)	December 31, 2011 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	3	**4,550,184**	2,649,481
Trade receivables	4	**13,899,989**	11,509,978
Inventories	5	**9,079,998**	10,065,926
Other receivables	6	**3,532,807**	4,358,995
Due from related parties	7	**6,038,374**	6,040,413
Total current assets		**37,101,352**	34,624,793
Non - Current assets			
Property, plant and equipment	8	**18,135,264**	20,726,849
Refundable deposits		**791,832**	784,832
Total non - current assets		**18,927,096**	21,511,681
Total assets		**56,028,448**	56,136,474
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**3,619,062**	3,294,571
Short term loan	9	**1,000,000**	2,000,000
Other payables and provisions	10	**4,417,979**	6,932,901
Dividends payable		**175,045**	175,795
Due to related parties	7	**2,757,502**	2,437,534
Total current liabilities		**11,969,588**	14,840,801
Non - current liabilities			
Long term loan	9	**-**	1,000,000
Provision for indemnity		**4,384,678**	4,421,878
Total non – current liabilities		**4,384,678**	5,421,878
Shareholders' equity			
Paid up capital	11	**25,000,000**	25,000,000
Statutory reserve	12	**4,116,082**	4,116,082
Voluntary reserve	13	**767,937**	767,937
Retained earnings		**9,790,163**	5,989,776
Total shareholders' equity		**39,674,182**	35,873,795
Total liabilities and shareholders' equity		**56,028,448**	56,136,474

Those interim financial statements were approved by the board of directors on October 8, 2012 and signed on its behalf by:

Mr. Adel Fahmy
General Manager

Mr. Ramy Ibrahim
Finance Manager

The accompanying notes form an integral part of these interim condensed financial information

Exhibit-B

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	Notes	Three month ended		Nine month ended	
		September 30, 2012 (unaudited)	September 30, 2011 (unaudited)	**September 30, 2012 (unaudited)**	September 30, 2011 (unaudited)
Sales		**13,426,864**	15,156,894	**37,507,002**	40,107,187
Sales discounts		**(286,968)**	(670,328)	**(923,891)**	(1,605,800)
Net sales		**13,139,896**	14,486,566	**36,583,111**	38,501,387
Cost of sales		**(9,091,689)**	(11,125,442)	**(26,078,687)**	(28,924,254)
Gross profit		**4,048,207**	3,361,124	**10,504,424**	9,577,133
Other income		**149,708**	172,723	**1,490,886**	619,217
Total revenues		**4,197,915**	3,533,847	**11,995,310**	10,196,350
Expenses and other charges					
Selling and marketing expenses		**2,079,537**	2,088,985	**4,240,432**	3,848,494
General and administrative expenses		**931,338**	850,397	**2,784,303**	2,740,912
Finance charges		**-**	-	**4,409**	100,833
Concession fee provision for Ajman Government	14	**375,000**	375,000	**1,125,000**	1,125,000
Bad debts provision		**-**	-	**40,779**	-
Total expenses and other charges		**(3,385,875)**	(3,314,382)	**(8,194,923)**	(7,815,239)
Net profit for the period		**812,040**	219,465	**3,800,387**	2,381,111
Earning per share	15	**0.032**	0.009	**0.15**	0.10

The accompanying notes form an integral part of these interim condensed financial information

Exhibit-C

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2011	25,000,000	3,800,186	767,937	3,146,717	32,714,840
Net profit for the period	-	-	-	2,381,111	2,381,111
Balance at September 30, 2011	25,000,000	3,800,186	767,937	5,527,828	35,095,951
Balance at January 1, 2012	25,000,000	4,116,082	767,937	5,989,776	35,873,795
Net profit for the period	-	-	-	3,800,387	3,800,387
Balance at September 30, 2012	**25,000,000**	**4,116,082**	**767,937**	**9,790,163**	**39,674,182**

The accompanying notes form an integral part of these interim condensed financial information

Exhibit-D

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 (UNAUDITED)
"All amounts are in U.A.E. Dirham"

	September 30, 2012 (unaudited)	September 30, 2011 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	**3,800,387**	2,381,111
Adjustment:		
Depreciation	**3,181,889**	3,530,603
Profit on sale of fixed assets	**(77,604)**	(87,883)
Provision for indemnity	**(37,200)**	407,480
Net changes in working capital items	**(2,775,326)**	(3,110,119)
Net cash generated from operating activities	**4,092,146**	3,121,192
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(628,025)**	(563,556)
Proceeds from sale of fixed assets	**115,325**	88,950
Net cash (used in) investing activities	**(512,700)**	(474,606)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bank borrowing	**(2,000,000)**	(2,000,000)
Dividends payable	**(750)**	-
Related parties	**322,007**	(4,445,253)
Net cash (used in) financing activities	**(1,678,743)**	(6,445,253)
Net increase (decrease) in cash and cash equivalents	**1,900,703**	(3,798,667)
Cash and cash equivalents at the beginning of the period	**2,649,481**	5,928,825
Cash and cash equivalents at the end of period	**4,550,184**	2,130,158

The accompanying notes form an integral part of these interim condensed financial information

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012 (UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

1 COMPANY'S INFORMATION AND ACTIVITIES

Gulfa Mineral Water and Processing Industries Co, – PLC – the company was established in Ajman by an Emiri decree number 13 issued by H,H the Ruler of Ajman on March 28, 1977, The company started operations on May 24, 1977, The company has fulfilled all the requirements of the commercial federal law number 8 of 1984 and its subsequent amendments as per the decision of the Annual General Meeting ("AGM") in its extra ordinary meeting held on February 20, 1993.

The company owns and manages "Gulfa Mineral Water Plant" in Masfout – Ajman, It's main activities extends to production and bottling of mineral water, juices, soft drinks, food stuff Preforms and Screw Caps, in addition to marketing the products of such plants.

2 BASIS OF PRESENTATION

The interim condensed financial information has been prepared in compliance with the International Accounting Standard No, 34 which related to the interim financial information, The interim condensed financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards, In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included, The operating results for the interim period ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012, For further information, refer to the financial statements and notes thereto included in the company's annual report for the year ended December 31, 2011.

3 CASH AND CASH EQUIVALENTS

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Cash on hand	**105,000**	50,665
Cash at bank – current	**3,240,894**	2,396,008
Cash at bank – call deposits	**1,204,290**	202,808
	4,550,184	2,649,481

The call deposits earn annual interest rate of 3.5% (3.5% in 2011).

4 TRADE RECEIVABLES

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Trade receivables	**14,394,424**	11,963,633
Allowance for doubtful debts	**(494,435)**	(453,655)
	13,899,989	11,509,978

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

5 INVENTORIES

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Raw materials	**6,433,857**	7,598,141
Spare parts	**2,296,969**	2,000,367
Finished products	**694,463**	812,709
Total inventory	**9,425,289**	10,411,217
Allowance for slow moving inventories	**(345,291)**	(345,291)
	9,079,998	10,065,926

6 OTHER RECEIVABLES

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Cheques under collection	**2,599,284**	4,030,162
Prepaid expenses and others	**820,526**	192,523
Advances to suppliers	**112,997**	136,310
	3,532,807	4,358,995

7 RELATED PARTIES

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers, key management personnel and their close family members, The parent company approves the terms and conditions of related parties transactions, The amount due from / to related parties does not attract interest although there are no defined repayment arrangements.
The transactions between affiliates represent financial transaction.

The balances with related parties at period end are as follows:

	Due from	**Due to**
Gulf Food Industries (California Garden)	**6,038,374**	**-**
Kuwait Food Company – (Americana), Sharjah Branch	**-**	**1,435,568**
Kuwait Food Company – (Americana), Head Office, Kuwait	**-**	**1,321,934**
	6,038,374	**2,757,502**

GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Total
Cost:						
Balance at December 31, 2011	243,000	20,355,036	48,672,770	4,611,699	2,400,868	76,283,373
Additions for the period	-	315,960	34,490	84,075	193,500	628,025
Disposal for the period	-	-	(443,994)	(122,235)	(120,000)	(686,229)
Balance at September 30, 2012	**243,000**	**20,670,996**	**48,263,266**	**4,573,539**	**2,474,368**	**76,225,169**
Depreciation:						
Balance at December 31, 2011	-	12,377,273	36,898,472	4,198,038	2,082,741	55,556,524
Depreciation for the period	-	449,877	2,453,330	153,661	125,021	3,181,889
Disposal for the period	-	-	(439,615)	(122,235)	(86,658)	(648,508)
Balance at September 30, 2012	**-**	**12,827,150**	**38,912,187**	**4,229,464**	**2,121,104**	**58,089,905**
Net book values:						
Balance at September 30, 2012	**243,000**	**7,843,846**	**9,351,079**	**344,075**	**353,264**	**18,135,264**
Balance at December 31, 2011	243,000	7,977,763	11,774,298	413,661	318,127	20,726,849

9 BANK LOAN

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Short term loan	**1,000,000**	2,000,000
Long term loan	**-**	1,000,000
	1,000,000	3,000,000

The bank loan is secured by the pledge of Kuwait Food Company – (Americana), Head Office, Kuwait shares in Gulfa Mineral Water and Processing Industries Co. with an annual interest 5%.

10 OTHER PAYABLES AND PROVISIONS

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Post dated cheques	**359,446**	3,575,180
Accrued expenses	**3,706,233**	2,930,249
Other payables	**352,300**	427,472
	4,417,979	6,932,901

**GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO, PLC
AJMAN – UNITED ARAB EMIRATES**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(UNAUDITED)**
"All amounts are in U.A.E. Dirham unless otherwise stated"

11 PAID UP CAPITAL

In its extra ordinary meeting on December 6, 2006, the general assembly of the company has agreed to increase the authorized capital of the company from AED 13,357,820 (AED thirteen million three hundred fifty seven thousand eight hundred and twenty only) to a AED 40,000,000 (AED forty million only) with the objective of increasing the paid up capital to AED 25,000,000 (AED twenty five million only) as a first stage of public offering, while the balance is to be called in future dates to be determined by the board of Director.

12 STATUTORY RESERVE

As required by the company law of United Arab Emirates, 10% of the profit for the year is to be transferred to statutory reserve.
The shareholders may resolve to discontinue such annual transfers as reserve equals one half of the share capital, The reserve is not available for distribution.

13 VOLUNTARY RESERVE

In compliance with the company's articles of association, the board of directors determines a percentage of net profit to be transferred to voluntary reserve.

14 CONCESSION FEES PROVISION FOR AJMAN GOVERNMENT

In accordance with a letter dated October 18, 2009, received from the Ruler's Court of Ajman, the Ajman Government agreed to receive a sum of AED 1,500,000 (AED one million five hundred thousand only) as an annual concession fee from the company for a period of three years effective January 1, 2010 to December 31, 2012.

15 EARNING PER SHARE

	September 30, 2012	September 30, 2011
Profit for the period	**3,800,387**	2,381,111
Weighted average number of ordinary shares for purposes of basic earnings	**25,000,000**	25,000,000
Earning per share	**0.15**	0.10

16 CONTINGENT LIABILITIES

	September 30, 2012	September 30, 2011
Letters of guarantee	**330,000**	330,000
Letter of credit	**293,480**	-
	623,480	330,000

17 GENERAL ASSEMBLY OF SHAREHOLDERS

The ordinary general assembly of shareholders has been held on April 9, 2012 and approved the financial statements for the year ended December 31, 2011.

18 APROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management on October 8, 2012.