Rödl Middle East

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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013
WITH REVIEW REPORT
(UNAUDITED)

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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2013
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 March 31, 2013, the related interim condensed statements of comprehensive income, cash flows and changes in shareholders' equity for the three 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".

Report on review of other legal and regulatory matters
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 three months ended March 31, 2013 that might have had a material effect on the business of the Company or on its financial position.

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

April 17, 2013
Dubai – U.A.E.

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

Exhibit-A

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	Notes	March 31, 2013 (unaudited)	December 31, 2012 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	3	**12,254,122**	11,809,218
Trade receivables	4	**11,801,475**	12,592,505
Inventories	5	**8,013,495**	7,366,249
Other receivables	6	**1,354,161**	1,995,554
Due from related parties	7	**7,431,367**	5,041,068
Total current assets		**40,854,620**	38,804,594
Non - Current assets			
Property, plant and equipment	8	**16,445,329**	17,305,074
Refundable deposits		**782,832**	782,832
Total non - current assets		**17,228,161**	18,087,906
Total assets		**58,082,781**	56,892,500
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**3,066,249**	2,356,253
Short term loans		**-**	1,000,000
Other payables and provisions	9	**5,316,685**	5,933,358
Dividends payable		**175,472**	175,045
Due to related parties	7	**2,929,575**	2,882,227
Concession fees provision for Ajman Government	10	**500,000**	-
Total current liabilities		**11,987,981**	12,346,883
Non - current liabilities			
Provision for indemnity		**4,579,111**	4,471,319
Total non – current liabilities		**4,579,111**	4,471,319
Shareholders' equity			
Paid up capital	11	**25,000,000**	25,000,000
Statutory reserve	12	**4,536,132**	4,536,132
Voluntary reserve	13	**767,937**	767,937
Retained earnings		**11,211,620**	9,770,229
Total shareholders' equity		**41,515,689**	40,074,298
Total liabilities and shareholders' equity		**58,082,781**	56,892,500

Those interim financial statements were approved by the board of directors on April 17, 2013 and signed on their 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.

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

Exhibit-B

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	Notes	**March 31, 2013 (unaudited)**	March 31, 2012 (unaudited)
Sales		**10,682,391**	10,613,516
Sales discounts		**(302,745)**	(286,413)
Net sales		**10,379,646**	10,327,103
Cost of sales		**(7,276,298)**	(7,529,253)
Gross profit		**3,103,348**	2,797,850
Other income		**518,914**	630,605
Total revenues		**3,622,262**	3,428,455
Expenses and other charges			
Selling and marketing expenses		**707,148**	737,998
General and administrative expenses		**973,723**	896,738
Finance charges		**-**	2,229
Concession fee provision for Ajman Government	10	**500,000**	375,000
Provision for bad debts		**-**	40,779
Total expenses and other charges		**(2,180,871)**	(2,052,744)
Net profit for the period		**1,441,391**	1,375,711
Earning per share	14	**0.06**	0.06

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

Exhibit-C

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2012	25,000,000	4,116,082	767,937	5,989,776	35,873,795
Net profit for the period	-	-	-	1,375,711	1,375,711
Balance at March 31, 2012	25,000,000	4,116,082	767,937	7,365,487	37,249,506
Balance at January 1, 2013	25,000,000	4,536,132	767,937	9,770,229	40,074,298
Net profit for the period	-	-	-	1,441,391	1,441,391
Balance at March 31, 2013	**25,000,000**	**4,536,132**	**767,937**	**11,211,620**	**41,515,689**

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

Exhibit-D

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	March 31, 2013 (unaudited)	March 31, 2012 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	**1,441,391**	1,375,711
Adjustments:		
Depreciation	**999,900**	1,079,673
Profit on sale of fixed assets	**-**	(42,983)
Provision for indemnity	**107,792**	(94,918)
Net changes in working capital items	**1,378,500**	(2,590,920)
Net cash from (used in) operating activities	**3,927,583**	(273,437)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(140,155)**	(253,825)
Proceeds from sale of fixed assets	**-**	76,325
Net cash (used in) investing activities	**(140,155)**	(177,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bank borrowing	**(1,000,000)**	(1,000,000)
Related parties	**(2,342,951)**	(1,120,715)
Bank overdraft	**-**	475,069
Dividends payable	**427**	-
Net cash (used in) financing activities	**(3,342,524)**	(1,645,646)
Net increase (decrease) in cash and cash equivalents	**444,904**	(2,096,583)
Cash and cash equivalents at the beginning of the period	**11,809,218**	2,649,481
Cash and cash equivalents at the end of period	**12,254,122**	552,898

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 THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham unless otherwise stated)

1 COMPANY'S FORMATION 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 March 31, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2013. For further information, refer to the financial statements and notes thereto included in the company's annual report for the year ended December 31, 2012.

3 CASH AND CASH EQUIVALENTS

	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Cash on hand	**108,460**	30,402
Cash at bank – current	**12,058,654**	11,633,726
Cash at bank – call deposits	**87,008**	145,090
	12,254,122	11,809,218

The call deposits earn annual interest rate of 1.5% (1.5% in 2012)

4 TRADE RECEIVABLES

	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Trade receivables	**12,154,112**	13,086,939
Allowance for doubtful debts	**(343,637)**	(494,434)
	11,801,475	12,592,505

GULFA MINERAL WATER
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AJMAN – UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)
(All amounts are in U.A.E. Dirham unless otherwise stated)

5 INVENTORIES

	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Raw materials	**5,136,952**	4,685,889
Spare parts	**2,117,418**	2,069,489
Finished products	**900,258**	752,004
Total inventory	**8,154,628**	7,507,382
Allowance for slow moving inventories	**(141,133)**	(141,133)
	8,013,495	7,366,249

6 OTHER RECEIVABLES

	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Cheques under collection	**426,274**	1,659,788
Prepaid expenses and others	**623,989**	179,334
Advances to suppliers	**302,123**	156,432
Other	**1,775**	-
	1,354,161	1,995,554

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 related parties	Due to related parties
Gulf food industries (California Garden)	**7,431,367**	-
Kuwait food company – (Americana), sharjah Branch	-	**1,435,568**
Kuwait food company – (Americana), Head office, Kuwait	-	**1,494,007**
	7,431,367	2,929,575

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2013
(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	Assets under construction	Total
Cost:							
Balance at December 31, 2012	243,000	20,692,706	48,263,267	4,566,589	2,474,368	148,696	76,388,626
Additions	-	-	-	3,995	-	136,160	140,155
At March 31, 2013	**243,000**	**20,692,706**	**48,263,267**	**4,570,584**	**2,474,368**	**284,856**	**76,528,781**
Depreciation:							
Balance at December 31, 2012	-	12,978,124	39,702,723	4,253,577	2,149,128	-	59,083,552
Additions	-	151,042	788,884	31,950	28,024	-	999,900
At March 31, 2013	**-**	**13,129,166**	**40,491,607**	**4,285,527**	**2,177,152**	**-**	**60,083,452**
Net book values:							
At March 31, 2013	**243,000**	**7,563,540**	**7,771,660**	**285,057**	**297,216**	**284,856**	**16,445,329**
At December 31, 2012	243,000	7,714,582	8,560,544	313,012	325,240	148,696	17,305,074

9 OTHER PAYABLES AND PROVISIONS

	March 31, 2013 (unaudited)	December 31, 2012 (audited)
Post dated cheques	**2,444,049**	2,027,220
Accrued expenses	**2,569,611**	3,471,948
Others	**303,025**	434,190
	5,316,685	5,933,358

10 CONCESSION FEES PROVISION FOR AJMAN GOVERNMENT

In accordance with a letter dated February 18, 2013, received from the Ruler's Court of Ajman, the Ajman Government agreed to receive a sum of AED 2,000,000 (AED Two million only) as an annual concession fee from the company for a period of three years effective January 1, 2013 to December 31, 2015.

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

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2013
(UNAUDITED)**
(All amounts are in U.A.E. Dirham unless otherwise stated)

11 AUTHORIZED AND FULLY PAID 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 Directors.

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 EARNING PER SHARE

	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
Profit for the period	**1,441,391**	1,375,711
Weighted average number of ordinary shares for purposes of basic earnings	**25,000,000**	25,000,000
Earning per share	**0.06**	0.06

15 CONTINGENT LIABILITIES

	March 31, 2013	March 31, 2012
Letters of guarantee	**330,000**	330,000
Letters of credit	**1,527,520**	293,480
	1,857,520	623,480

16 GENERAL ASSEMBLY OF SHAREHOLDERS

The ordinary general assembly of shareholders has been held on April 8, 2013 and approved the financial statements for the year ended December 31, 2012.

17 APROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the management on April 17, 2013.