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

FINANCIAL STATEMENTS
DECEMBER 31, 2013
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

gulfa mineral water & Processing Industries Co., (PLC)
شركة غلفا للمياه المعدنية والصناعات التحويلية (ش.م.ع.)

January 15, 2014

Board of Directors Report
For the Financial Year Ended December 31, 2013

Dear Shareholders,

The Board Of Directors of GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. PLC (the "Company") has the pleasure in submitting the Statement of financial position for the company as at **December 31, 2013** and the related Statement of comprehensive income, Statement of changes in shareholders' equity and Statement of cash flows for the year ended **December 31, 2013** and related Independent Auditor's Report.

Sales

The company has achieved a sales volume of **5.8** million cartons during **2013** compared to **5.5** million cartons in **2012** this is due to increase the sales in local market.

The company had net sales value AED **49.6** million for **2013** compared to AED **47.1** million for **2012.** This is due to the increase in sales quantity, In addition to, staring trading activities like "Juice Trading".

Cost of Sales

The percentage of Cost of sales to sales value is **71%** for **2013** which was the same percentage for **2012** while selling and marketing expenses have decreased by **16%** due to the increase in efficiency of sales and marketing activities.

It worth to mention that the company started from the second half of **2013** to benefit from the project of bottle weight reduction which contributed to control the increase in production cost.

Company Result

The company has reported a net profit of AED **4.7** million in **2013** compared to a net profit of AED **4.2** million in **2012**, this is after deducting the concession fees charges amounted to AED **2 million** in **2013** compared to AED **1.5 million** in **2012.**

The Board of Directors also wishes to express its gratitude and appreciation to His Highness, Sheikh Hemaid Bin Rashid Al-Neaimey, Member of the Supreme Council, Ruler of Ajman, for his support towards the company.

Finally, we thank the entire Staff of the Company for their efforts in accomplishing and achieving the company goals.

On behalf of the Board

Saif Rashid Hamer Ain
Chairman

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

FINANCIAL STATEMENTS
DECEMBER 31, 2013
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Gulfa Mineral Water and Processing Industries Co. PLC as at December 31, 2013, the related statements of comprehensive income, changes in equity and 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 as adopted in United Arab Emirates. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 auditors' judgment, 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 our audit opinion.

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gulfa Mineral Water and Processing Industries Co. PLC as at December 31, 2013, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in United Arab Emirates.

Other legal and regulatory requirements

As per UAE Company Law, we further report that, the financial statements include the disclosures required by the UAE Company Law and the Company's deed of association, proper books of account have been kept by the Company and stock taking was duly conducted in accordance with recognized practices. We further report that we have obtained the information and explanations required for the purpose of our audit. According to the information available to us, there were no violations of the UAE Company Law or the Company's deed of association during the year that would have a material effect on the Company's financial position or the result of its operations.

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

January 15, 2014
Sharjah – U.A.E.

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

Exhibit-A

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

"All amounts are in U.A.E. Dirham"

	Notes	December 31, 2013	December 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	5	**16,205,101**	11,809,645
Trade receivables	6	**11,406,393**	12,592,505
Inventories	7	**6,928,654**	7,366,249
Other receivables	8	**1,733,744**	1,995,554
Due from related parties	9	**7,242,672**	5,041,068
Total current assets		**43,516,564**	38,805,021
Non - Current assets			
Property, plant and equipment	10	**18,679,495**	17,305,074
Refundable deposits		**762,832**	782,832
Total non - current assets		**19,442,327**	18,087,906
Total assets		**62,958,891**	56,892,927
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**3,853,456**	2,356,253
Short term loans		**-**	1,000,000
Other payables and provisions	11	**6,580,510**	5,933,358
Dividends payable		**175,472**	175,472
Due to related parties	9	**1,317,148**	2,882,227
Total current liabilities		**11,926,586**	12,347,310
Non - current liabilities			
Provision for indemnity		**6,257,413**	4,471,319
Total non – current liabilities		**6,257,413**	4,471,319
Shareholders' equity			
Paid up capital	12	**25,000,000**	25,000,000
Statutory reserve	13	**5,006,191**	4,536,132
Voluntary reserve	14	**767,937**	767,937
Retained earnings		**14,000,764**	9,770,229
Total shareholders' equity		**44,774,892**	40,074,298
Total liabilities and shareholders' equity		**62,958,891**	56,892,927

Those financial statements were approved by the board of directors on January 14, 2014 and signed on its behalf by:

Mr. Adel Fahmy
General Manager

Mr. Ramy Ibrahim
Finance Manager

The accompanying notes are an integral part of these financial statements.

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

Exhibit-B

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2013

"All amounts are in U.A.E. Dirham"

	Notes	December 31, 2013	December 31, 2012
Sales		**51,485,387**	48,319,116
Sales discounts		**(1,912,398)**	(1,258,572)
Net sales		**49,572,989**	47,060,544
Cost of sales		**(35,027,347)**	(33,574,607)
Gross profit		**14,545,642**	13,485,937
Other income	15	**1,390,768**	1,728,954
Total revenues		**15,936,410**	15,214,891
Expenses and other charges			
Selling and marketing expenses		**4,580,836**	5,472,814
General and administrative expenses		**4,654,980**	4,037,165
Finance charges		**-**	4,409
Concession fee provision for Ajman Government	16	**2,000,000**	1,500,000
Total expenses and other charges		**(11,235,816)**	(11,014,388)
Net profit for the year		**4,700,594**	4,200,503
Earning per share	17	**0.19**	0.17

The accompanying notes are an integral part of these financial statements.

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Exhibit-C

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2013

"All amounts are in U.A.E. Dirham"

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at December 31, 2011	25,000,000	4,116,082	767,937	5,989,776	35,873,795
Net profit for the year	-	-	-	4,200,503	4,200,503
Transfer to statutory reserve	-	420,050	-	(420,050)	-
Balance at December 31, 2012	25,000,000	4,536,132	767,937	9,770,229	40,074,298
Net profit for the year	-	-	-	4,700,594	4,700,594
Transfer to statutory reserve	-	470,059	-	(470,059)	-
Balance at December 31, 2013	**25,000,000**	**5,006,191**	**767,937**	**14,000,764**	**44,774,892**

The accompanying notes are an integral part of these financial statements.

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Exhibit-D

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

"All amounts are in U.A.E. Dirham"

	December 31, 2013	December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	**4,700,594**	4,200,503
Non monetary adjustments:		
Depreciations	**4,136,695**	4,183,286
Profit on sale of fixed assets	**(39,576)**	(78,004)
Provision for indemnity	**1,860,617**	451,404
Annuities for indemnity	**(74,523)**	(401,963)
Net changes in working capital items	**4,049,872**	2,044,730
Net cash from operating activities	**14,633,679**	10,399,956
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(5,521,870)**	(799,231)
Proceeds from sale of fixed assets	**50,330**	115,724
Net cash (used in) investing activities	**(5,471,540)**	(683,507)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlements of bank borrowing	**(1,000,000)**	(2,000,000)
Dividend paid	**-**	(323)
Related parties	**(3,766,683)**	1,444,038
Net cash (used in) financing activities	**(4,766,683)**	(556,285)
Net increase in cash and cash equivalents	**4,395,456**	9,160,164
Cash and cash equivalents at the beginning of the year	**11,809,645**	2,649,481
Cash and cash equivalents at the end of year	**16,205,101**	11,809,645

The accompanying notes are an integral part of these financial statements.

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GULFA MINERAL WATER
AND PROCESSING INDUSTRIES CO. PLC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013
"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.

Number of employees for the year 109 and (111 for 2012) with cost 7,626,720 and (6,676,817 for 2012).

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS)

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the previous year and the amended and new Standards which are effective for annual period beginning on or after January 1, 2013.

2-1 Standards Effective For the Current Year:

IFRS 7 Financial Instruments: Disclosures – Transfer of financial assets
The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The Company does not have any assets with these characteristics.

IAS 1 Presentation of Items of Other Comprehensive Income (amendments)
The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the financial position or performance.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (amendments)
These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure or rights, to variable returns from its involvement with the investee and 3) the ability to use its power over the investee to affect the amount of the returns.

Further in November 2012, IASB has issued an amendment to IFRS 10 Consolidated Financial Statements to provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments.

IFRS 11 Joint Arrangements
IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures.

IFRS 12 Disclosure of Involvement with Other Entities
IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

IFRS 13: Fair Value Measurement
IFRS 13 replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

2-2 Standards issued but not yet effective:

Below are the new and revised IFRSs that are not yet mandatorily effective for the year ending December 31, 2013 (but allow early application).

IFRS 9 financial instruments (as revised in 2010)
(Effective for annual periods beginning on or after January 1, 2015)

IFRS 9 is a new standard for financial instruments that is ultimately intended to replace IAS 39 in its entirety

The replacement project consists of the following phases:

- Phase 1: classification and measurement of financial assets and financial liabilities.
- Phase 2: Impairment Phase.
- Phase 3: Hedge accounting.

Amendments of IAS 32 offsetting financial assets and financial liabilities
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IAS 32 clarify existing application issue relating to the offsetting requirements. Specifically, the amendments clarify the meaning of currently has a legally enforceable right of set-off: and simultaneous relation and settlement. The amendments to IAS 32 are effective for annual periods beginning on or January 1, 2014. Retrospective application is required.

Amendments to IFRS 10,12 and IAS 27 investment Entities
(Effective for accounting periods beginning on or after January 1, 2014)
The amendments to IFRS 10 introduce an exception from the requirements to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investments entities that provide services that relate to the investment entity's investment activities.
Amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.
In general, the amendments require retrospective application, with specific transitional provisions.

The management anticipates that the new standards will be adopted in the Company's accounting policies for the period beginning on or after the effective date of the pronouncement, and those new standards that have been issued but are not relevant to the Company's operations will not be expected to have a material impact on the Company's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are set out below:

3-1 Basis of preparation of financial statements
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and United Arab Emirates Commercial Companies Laws requirements.

3-2 Accounting convention
- These financial statements are prepared under the historical cost convention, adjusted through the revaluation of some assets according to fair value as explained in detail in the following accounting policies and disclosures.
- The accounting policies have been consistently applied during the year and consistent with those applied during previous year, except for the adoption of new and revised standards and interpretation as explained in note 2.
- The financial statements are presented in U.A.E. Dirham.

3-3 Financial instruments
Classification
The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition and re-evaluate them every reporting date.

The Company has classified its financial instruments as follows:

Financial assets at fair value through statement of income
This category has two sub-categories financial assets held for trading and those designated at fair value through statement of income. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management.

Trade and other Receivables
These are non-derivative financial assets with fixed or determinable amounts to be collected that are not quoted in an active market. They arise when the Company provides goods and services directly to a debtor with no intention of trading the receivables.

Assets available for sale
These are non-derivative financial assets that are either designated in this category or not included in any of the above categories and are principally, those acquired to be held, for an indefinite period of time which could be sold when liquidity is needed or upon changes in rates of profit.

Payables and accruals
These are non-derivative financial liabilities. Liabilities are recognized for amounts to be paid in the future for goods or services received/rendered, whether billed by the supplier or not.

Recognition and de-recognizing of financial instrument
A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument. Financial asset (in whole or in part) is derecognized when the contractual rights to the cash flows from the financial asset expire or when the Company transfers substantially all the risks and rewards of ownership or when the Company has neither transferred nor retained substantially all the risks and rewards of ownership and when it no longer has control over the asset or a proportion of the assets. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Measurement
Financial assets are initially recognized at fair value plus transaction cost for all financial assets not carried at fair value through statement of income. Financial assets carried at fair value through statement of income are initially recognized at fair value and transaction costs are expensed in the statement of income.

Subsequently, financial assets available for sale and at fair value through statement of income are carried at fair value and receivables and payables are carried at amortized cost using the effective yield method.

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets at fair value through statement of income category are included in the statement of income for the period in which they arise. Changes in the fair value of financial assets classified as assets available for sale are recognized in equity, when available for sale financial assets are sold or impaired; the accumulated changes in fair value recognized in equity are included in the statement of income.

Fair values
The fair values of financial instruments traded in regular financial market are bases on last bid prices.

For other financial instruments that have no quoted market, the Company establishes a reasonable fair value estimates by reference to the current fair value of another instrument that is substantially the same, recent arm's length market transactions, using the expected discounted cash flow analysis, or other valuation methods. Assets available for sale whose fair value cannot be reliably measured are carried at cost less impairment losses, if any.

Impairment of financial assets
The Company assesses at each financial position date whether there is objective evidence that a financial asset or a Company of financial assets is impaired. In the case of equity securities classified as available for sale, a significant decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of income. Impairment losses recognized in the statement of income on equity instruments are not reversed through the statement of income.

A specific provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts of receivable. The amount of the specific provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, including amounts recoverable from guarantees and collateral, discounted at the effective rate of return. The amount of the provision is recognized in the statement of income.

3-4 Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.
Depreciation on the straight-line is provided at the following annual rates to write-off the cost of each asset over its expected useful life, as follows:

- Building	20 years
- Machinery and furniture	5-7 years
- Furniture, computers and fixture	4-5 years
- Motor vehicles	3-5 years

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying value of the assets, and is recognized in Income Statement for the financial year.
There is no significant change in any of accounting estimates during the year regarding property, plant and equipment.

3-5 Trade and other receivables
Receivables are carried at invoice value on transaction date less any estimate for doubtful receivable, based on the review of all outstanding amounts at period-end.
Bad debts are written off as and when identified.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013
"All amounts are in U.A.E. Dirham unless otherwise stated"

3-6 Inventories

Finished goods are stated at the lower of cost and net realizable value. Cost is based on production cost including raw materials, wages, and production expenses. Net Realizable value is estimated selling price in ordinary course of business, less cost incidental to selling these inventories.
Raw materials and spare parts are stated at the lower of cost and net realizable value. Cost is based on weighted average method.

3-7 Trade and other payables

Liabilities for payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods received, whether or not billed to the branch.

3-8 Provisions for leave pay and indemnity

Provisions for leave pay and indemnity are computed in accordance with U.A.E. labour law no. 8 of 1980 and its amendments and as per the terms of employment contracts, and these provisions are not funded.

3-9 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event and the costs to settle the obligation are both probable and able to be reliably measured.

3-10 Revenues

Revenues are recognized to the extend, that it is probable that future economic benefits will flow to company and revenue can be measured reliably.
The basis of revenue recognition of the sales is as follows:
Sales: The revenue is recognized on invoiced value of goods sold less returns and trade discount

3-11 Foreign currencies

Transactions in foreign currencies are translated into U.A.E. Dhs. at rates of exchange prevailing on the date of the transactions.
Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated at exchange rates prevailing on that date. The exchange gains and losses, including foreign currency translation gains and losses are included in the Income Statement.

3-12 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management best knowledge, the actual results may differ from those estimates.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013
"All amounts are in U.A.E. Dirham unless otherwise stated"

5 CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012
Petty cash	-	30,402
Cash at bank – current	15,278,035	11,634,153
Cash at bank – call deposits	927,066	145,090
	16,205,101	11,809,645

The call deposits earn annual interest rate of 1,5% (1.5% in 2012).

6 TRADE RECEIVABLES

	December 31, 2013	December 31, 2012
Trade receivables	11,656,393	13,086,939
Allowance for doubtful debts	(250,000)	(494,434)
	11,406,393	12,592,505

7 INVENTORIES

	December 31, 2013	December 31, 2012
Raw materials	4,131,973	4,685,889
Spare parts	2,181,725	2,069,489
Finished products	843,159	752,004
Total inventory	7,156,857	7,507,382
Allowance for slow moving inventories	(228,203)	(141,133)
	6,928,654	7,366,249

8 OTHER RECEIVABLES

	December 31, 2013	December 31, 2012
Cheques under collection	1,206,134	1,659,788
Prepaid expenses and others	205,588	179,334
Advances to suppliers	322,022	156,432
	1,733,744	1,995,554

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013
"All amounts are in U.A.E. Dirham unless otherwise stated"

9 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 support.

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

	Due from	Due to
Gulf Food Industries (California Garden)	7,242,672	-
Kuwait Food Company – (Americana), Head Office, Kuwait	-	1,317,148
	7,242,672	1,317,148

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Assets under construction	Total
Cost:							
At December 31, 2012	243,000	20,692,706	48,263,267	4,566,589	2,474,368	148,696	76,388,626
Transfer		-	148,696	-	-	(148,696)	-
Additions for the year	-	-	5,276,330	95,540	150,000	-	5,521,870
Disposal during year	-	(4,283)	(1,527,027)	(1,132,518)	(105,000)	-	(2,768,828)
At December 31, 2013	**243,000**	**20,688,423**	**52,161,266**	**3,529,611**	**2,519,368**	**-**	**79,141,668**
Depreciation:							
At December 31, 2012	-	12,978,124	39,702,723	4,253,577	2,149,128	-	59,083,552
Charges for the year	-	603,947	3,303,545	125,595	103,608	-	4,136,695
Disposal during year	-	(2,982)	(1,518,000)	(1,132,092)	(105,000)	-	(2,758,074)
At December 31, 2013	-	13,579,089	41,488,268	3,247,080	2,147,736	-	60,462,173
Net book values:							
At December 31, 2013	**243,000**	**7,109,334**	**10,672,998**	**282,531**	**371,632**	**-**	**18,679,495**
At December 31, 2012	243,000	7,714,582	8,560,544	313,012	325,240	148,696	17,305,074

11 OTHER PAYABLES AND PROVISIONS

	December 31, 2013	December 31, 2012
Post dated cheques	2,769,986	2,027,220
Accrued expenses	3,402,089	3,471,948
Other payables	408,435	434,190
	6,580,510	5,933,358

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AND PROCESSING INDUSTRIES CO. PLC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013
"All amounts are in U.A.E. Dirham unless otherwise stated"

12 AUTHORIZED AND 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 Directors.

13 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.

14 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.

15 OTHER INCOME

	December 31, 2013	December 31, 2012
Bank interest	**1,235**	1,177
Proceeds from sale of fixed assets	**39,576**	78,004
Rent	**-**	600,000
Other	**1,349,957**	1,049,773
	1,390,768	1,728,954

16 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.

17 EARNING PER SHARE

	December 31, 2013	December 31, 2012
Profit for the year	**4,700,594**	4,200,503
Weighted average number of ordinary shares for purposes of basic earnings	**25,000,000**	25,000,000
Earning per share	**0,19**	0.17

18 CONTINGENT LIABILITIES

	December 31, 2013	December 31, 2012
Letters of guarantee	**330,000**	330,000
Letters of credit	**154,836**	1,645,344
	484,836	1,975,344

19 FINANCIAL INSTRUMENTS

19.1 Categories of financial instruments

The financial instruments represent financial assets & liabilities. Financial assets include cash and cash equivalent, accounts receivable and other debts balances, investments available for sale and investment in associate. The financial liabilities include due to banks and accounts payable other credit balances.

19.2 Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in force or liquidation sale. The company used recognized assumptions and methods to estimate the fair value of the financial instruments. The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of other financial assets and financial liabilities with standard terms and conditions and trade on active liquid markets is determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar financial instruments.
- The fair values of financial instruments carried at amortized cost are not significantly different from their carrying values.

20 FINANCIAL RISK MANAGEMENT

The company's use of financial instruments exposes it to financial risks such as credit risk, market risk, liquidity risk.
The company continuously reviews its risk exposures and takes the necessary procedures to limit these risks at acceptable levels.

The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risks, credit risk and investment of excess liquidity.

Consistently with other companies in the same field the company monitors capital on the basis of ratio debt to adjusted capital ratio. This ratio is calculated as net debt divided by total adjusted capital. Net debt calculated as total debts including borrowings, bank facilities and non operational debts less cash and cash equivalent. Total adjusted capital comprises all components of shareholders equity (share capital reserves) and subordinated loans.

The debts to equity ratio as follows:

	December 31, 2013	December 31, 2012
Debts	**-**	1,000,000
Less: cash and cash equivalent	**16,205,101**	11,809,645
Net debts	**(16,205,101)**	(10,809,645)
Total equity	**44,774,892**	40,074,298
Gearing ratio	**-**	(%27)

No debts, so no gearing ratio.

22 APROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the management on January 15, 2014.