Rödl
Middle East

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

FINANCIAL STATEMENTS
DECEMBER 31, 2014
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

gulfa mineral water & Processing Industries Co., (PLC)

شركة غلفا للمياه المعدنية والصناعات التحويلية (ش.م.ع.)

January 20, 2015

Board of Directors Report
For the Financial Year Ended December 31, 2014

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, 2014** and the related Statement of comprehensive income, Statement of changes in shareholders' equity and Statement of cash flows for the year ended **December 31, 2014** and related Independent Auditor's Report.

Sales

The company has achieved a sales volume of **7.5** million cartons during **2014** compared to **5.8** million cartons in **2013** this is due to increase in sales of Private Label & Oman market.
The company had net sales value AED **60** million for **2014** compared to AED **49.6** million for **2013.** This is due to the increase in sales quantity.

Cost of Sales

The percentage of Cost of sales to sales value is **68%** for **2014** compared to **71%** for **2013** this is due to decline in the price of the main Raw material (**PET**) due to decline in the price of petrol while selling and marketing expenses have increased by **32%** due to the increase in Sales.

Company Result

The company has reported a net profit of AED **6.4** million in **2014** compared to a net profit of AED **4.7** million in **2013**, this is after deducting the concession fees charges amounted to AED **2 million.**

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

Rödl
Middle East

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

FINANCIAL STATEMENTS
DECEMBER 31, 2014
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Contents

	Exhibit
Independent Auditor's Report	
Statement of financial position	A
Statement of comprehensive income	B
Statement of changes in shareholders' equity	C
Statement of cash flows	D
	Page
Notes to the financial statements	1 - 14

Rödl
Middle East

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, 2014, 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 the State of 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.

Rödl
Middle East

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, 2014, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the State of 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 20, 2015
Sharjah – U.A.E.

Rödl
Middle East

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

Exhibit-A

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014
"All amounts are in U.A.E. Dirham"

	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents	5	**28,295,431**	16,205,101
Trade receivables	6	**14,752,258**	11,406,393
Inventories	7	**7,451,824**	6,928,654
Other receivables	8	**1,474,993**	1,733,744
Due from related parties	9	**-**	7,242,672
Total current assets		**51,974,506**	43,516,564
Non - Current assets			
Property, plant and equipment	10	**14,715,788**	18,679,495
Refundable deposits		**762,832**	762,832
Total non - current assets		**15,478,620**	19,442,327
Total assets		**67,453,126**	62,958,891
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**4,155,498**	3,853,456
Other payables and provisions	11	**4,430,354**	6,580,510
Dividends payable		**172,557**	175,472
Due to related parties	9	**330,765**	1,317,148
Total current liabilities		**9,089,174**	11,926,586
Non - current liabilities			
Provision for indemnity		**7,174,755**	6,257,413
Total non – current liabilities		**7,174,755**	6,257,413
Shareholders' equity			
Paid up capital	12	**25,000,000**	25,000,000
Statutory reserve	13	**5,647,621**	5,006,191
Voluntary reserve	14	**767,937**	767,937
Retained earnings		**19,773,639**	14,000,764
Total shareholders' equity		**51,189,197**	44,774,892
Total liabilities and shareholders' equity		**67,453,126**	62,958,891

Those financial statements were approved by the board of directors on January 20, 2015 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.

Rödl
Middle East

Exhibit-B

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

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

	Notes	December 31, 2014	December 31, 2013
Sales		**62,381,921**	51,485,387
Sales discounts		**(2,393,721)**	(1,912,398)
Net sales		**59,988,200**	49,572,989
Cost of sales		**(40,642,329)**	(35,027,347)
Gross profit		**19,345,871**	14,545,642
Other income	15	**941,936**	1,390,768
Total revenues		**20,287,807**	15,936,410
Expenses and other charges			
Selling and marketing expenses		**6,037,708**	4,580,836
General and administrative expenses		**5,835,794**	4,654,980
Concession fee provision for Ajman Government	16	**2,000,000**	2,000,000
Total expenses and other charges		**(13,873,502)**	(11,235,816)
Net profit for the year		**6,414,305**	4,700,594
Earning per share	17	**0.26**	0.19

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

Rödl
Middle East
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, 2014

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

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
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
Net profit for the year	-	-	-	6,414,305	6,414,305
Transfer to statutory reserve	-	641,430	-	(641,430)	-
Balance at December 31, 2014	**25,000,000**	**5,647,621**	**767,937**	**19,773,639**	**51,189,197**

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

Rödl
Middle East

Exhibit-D

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

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

	December 31, 2014	December 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	**6,414,305**	4,700,594
Non monetary adjustments:		
Depreciations	**4,593,324**	4,136,695
Profit on sale of fixed assets	**-**	(39,576)
Loss on sale of fixed assets	**61,277**	-
Provision for indemnity	**1,036,923**	1,860,617
Annuities for indemnity	**(119,581)**	(74,523)
Net changes in working capital items	**(5,458,398)**	4,049,872
Net cash from operating activities	**6,527,850**	14,633,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(860,896)**	(5,521,870)
Proceeds from sale of fixed assets	**170,002**	50,330
Net cash (used in) investing activities	**(690,894)**	(5,471,540)
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlements of bank borrowing	**-**	(1,000,000)
Dividend paid	**(2,915)**	-
Related parties	**6,256,289**	(3,766,683)
Net cash from (used in) financing activities	**6,253,374**	(4,766,683)
Net increase in cash and cash equivalents	**12,090,330**	4,395,456
Cash and cash equivalents at the beginning of the year	**16,205,101**	11,809,645
Cash and cash equivalents at the end of year	**28,295,431**	16,205,101

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

Rödl
Middle East

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
"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 115 and (109 for 2013) with cost 10,573,857 and (9,481,395 for 2013).

2- Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014:

- **Amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities***

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

a) Obtain funds from one or more investors for the purpose of providing them with investment management services;
b) Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
c) Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's consolidated financial statements.

- **Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off'.

The amendments also classify the application of the IAS 32 offsetting criteria to settlement systems (such as central cleaning house systems) which apply gross settlement mechanisms that are not simultaneous.

That adoption of the amendments is not expected to have any impact on the consolidated financial position, performance, as disclosures in the consolidated financial statements of the Company.

- **Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**
The amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. the amendments also require disclosure of the recoverable amounts for the assets as cash generating units (CGUs) for which impairment loss has been recognized as reversed during the period.

The application of these amendments has had no material impact on the disclosures in the company's consolidated financial statements.

2.2 *New and revised IFRSs in issue but not yet effective:*

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- **IFRS 9: Financial Instruments**
(Effective for annual periods beginning on or after January 1, 2018 with earlier application permitted).
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include
a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

- **IFRS 15: Revenue from Contracts with Customers**
  (Effective for annual periods beginning on or after January 1, 2017 with earlier application permitted).
  In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

  The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-Step approach to revenue recognition:

  Step 1: Identify the contract(s) with a customer.
  Step 2: Identify the performance obligation in the contract.
  Step 3: Determine the transaction price.
  Step 4: Allocate the transaction price to the performance obligations in the contract.
  Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

  Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

- **Amendments to IFRS 11: Accounting for Acquisitions of Interest in Joint Operations**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

  a) When the intangible asset is expressed as a measure of revenue; or
  b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The Company believes that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets.

- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41.The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

- **Amendments to IAS 19: Defined Benefit Plans - Employee Contributions**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

  For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

  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.

Rödl
Middle East

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
"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.

Rödl
Middle East

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
"All amounts are in U.A.E. Dirham unless otherwise stated"

5 CASH AND CASH EQUIVALENTS

	December 31, 2014	December 31, 2013
Cash at bank – current	**24,164,713**	15,278,035
Cash at bank – call deposits	**4,130,718**	927,066
	28,295,431	16,205,101

The call deposits earn annual interest rate of 0.5% (1.5% in 2013).

6 TRADE RECEIVABLES

	December 31, 2014	December 31, 2013
Trade receivables	**15,352,258**	11,656,393
Allowance for doubtful debts	**(600,000)**	(250,000)
	14,752,258	11,406,393

7 INVENTORIES

	December 31, 2014	December 31, 2013
Raw materials	**4,729,331**	4,131,973
Spare parts	**2,239,514**	2,181,725
Finished products	**616,354**	843,159
Total inventory	**7,585,199**	7,156,857
Allowance for slow moving inventories	**(133,375)**	(228,203)
	7,451,824	6,928,654

8 OTHER RECEIVABLES

	December 31, 2014	December 31, 2013
Cheques under collection	**1,188,888**	1,206,134
Prepaid expenses and others	**222,665**	205,588
Advances to suppliers	**59,370**	322,022
Others	**4,070**	-
	1,474,993	1,733,744

Rödl
Middle East

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
"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)	-	**277,758**
Kuwait Food Company – (Americana), Head Office, Kuwait	-	**53,007**
	-	**330,765**

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Total
Cost:						
At December 31, 2013	243,000	20,688,423	52,161,266	3,529,611	2,519,368	79,141,668
Additions for the year	-	-	483,951	376,945	-	860,896
Disposal during year	-	(791,477)	(3,667,575)	(82,652)	-	(4,541,704)
At December 31, 2014	**243,000**	**19,896,946**	**48,977,642**	**3,823,904**	**2,519,368**	**75,460,860**
Depreciation:						
At December 31, 2013	-	13,579,089	41,488,268	3,247,080	2,147,736	60,462,173
Additions for the year	-	507,704	3,857,704	125,416	102,500	4,593,324
Disposal during year	-	(738,448)	(3,490,637)	(81,340)	-	(4,310,425)
At December 31, 2014	**-**	**13,348,345**	**41,855,335**	**3,291,156**	**2,250,236**	**60,745,072**
Net book values:						
At December 31, 2014	**243,000**	**6,548,601**	**7,122,307**	**532,748**	**269,132**	**14,715,788**
At December 31, 2013	243,000	7,109,334	10,672,998	282,531	371,632	18,679,495

11 OTHER PAYABLES AND PROVISIONS

	December 31, 2014	December 31, 2013
Post dated cheques	-	2,769,986
Accrued expenses	**3,805,165**	3,402,089
Other payables	**625,189**	408,435
	4,430,354	6,580,510

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, 2014	December 31, 2013
Bank interest	**3,559**	1,235
Proceeds from sale of fixed assets	**(61,277)**	39,576
Other	**999,654**	1,349,957
	941,936	1,390,768

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, 2014	December 31, 2013
Profit for the year	**6,414,305**	4,700,594
Weighted average number of ordinary shares for purposes of basic earnings	**25,000,000**	25,000,000
Earning per share	**0.26**	0.19

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014
"All amounts are in U.A.E. Dirham unless otherwise stated"

18 CONTINGENT LIABILITIES

	December 31, 2014	December 31, 2013
Letters of guarantee	**330,000**	330,000
Letters of credit	**163,636**	154,836
	493,636	484,836

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.

The significant risks that the company is exposed to are as follows:

20.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to pay an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the company to credit risk, consist principally of accounts receivables. Credit risk with respect to receivables is limited due to dealing with governmental bodies and credible corporates.

The credit risk of trade receivables is limited due to large customers' size of company and no existence of relation between them.

20.2 Liquidity risks

Liquidity risks is the risk that the company will be unable to meet its cash obligations. The management of liquidity risks consist of keeping sufficient cash, and arranging financing sources through enough facilities, managing highly liquid assets, and monitoring liquidity on a yearly basis by method of future cash flow.

The maturity of liabilities stated below based on the year from the balance sheet date to the contractual maturity date. In the case of financial instruments that do not have a contractual maturity date, the maturity is based on management's estimate of time year in which the asset will be collected or disposed and the liability settled.

The following is maturity table for the financial liabilities as at December 31, 2014:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Liabilities					
Trade payables	4,155,498	-	-	-	4,155,498
Other payables and provision	-	4,430,354	-	-	4,430,354
Dividends payable	-	172,557	-	-	172,557
Due to related parties	-	330,765	-	-	330,765
Provision for indemnity	-	-	7,174,755	-	7,174,755
Total liabilities	**4,155,498**	**4,933,676**	**7,174,755**	**-**	**16,263,929**

The following is maturity table for the financial liabilities as at December 31, 2013:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Liabilities					
Trade payables	3,853,456	-	-	-	3,853,456
Other payables and provision	-	6,580,510	-	-	6,580,510
Dividends payable	-	175,472	-	-	175,472
Due to related parties	-	1,317,148	-	-	1,317,148
Provision for indemnity	-	-	6,257,413	-	6,257,413
Total liabilities	**3,853,456**	**8,073,130**	**6,257,413**	**-**	**18,183,999**

20.3 Market risks

Market risk, comprise of price risk, interest rate risk and currency risk. These risks arise due to change in market prices, interest rates and foreign currency rates.

- **Foreign currencies risks**
  Foreign currencies risks arise from transactions with foreign currencies. The company manages these risks by setting limits on transaction with other foreign currencies and counterparty and limiting its transaction business in major currencies with reputable counterparties.

- **Cash flow and fair value interest rate risks**
  As the company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially not affected by the changes in market interest rates.

21 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are:

- To safeguard the company's ability to continue as a going concern to be able to provide returns for shareholders and benefits for other beneficiaries, and,
- To maintain an optimal returns to owner by pricing its products and services commensurately with risk level

The company determines share capital that is adequate for risks and manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics related to assets. In order to maintain or adjust the capital structure, the company may adjust the amount of profits paid to partners or sell assets to reduce debt.

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, 2014	December 31, 2013
Debts	-	-
Less: cash and cash equivalent	**28,295,431**	16,205,101
Net debts	**(28,295,431)**	(16,205,101)

No debts, so no gearing ratio.

22 APROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the management on January 20, 2015.