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

FINANCIAL STATEMENTS
DECEMBER 31, 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

شركة غلفا للمياه المعدنية والصناعات التحويلية (ش.م.ع.)
gulfa mineral water & processing industries co. (plc)

January 20, 2016

Board of Directors Report
For the Financial Year Ended December 31, 2015

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, 2015** and the related Statement of comprehensive income, Statement of changes in shareholders' equity and Statement of cash flows for the year ended **December 31, 2015** and related Independent Auditor's Report.

Sales

The company has achieved a sales volume of **7** million cartons during **2015** compared to **7.5** million cartons in **2014**.
The company had net sales value AED **53.3** million for **2015** compared to AED **60** million for **2014.** This is due to the decline in sales quantity.

Cost of Sales

The percentage of Cost of sales to sales value is **69%** for **2015** compared to **68%** for **2014** this is due to the increase in electricity prices while selling and marketing expenses have declined by **21%** due to the decline in Sales.

Company Result

The company has reported a net profit of AED **1** million in **2015** compared to a net profit of AED **6.4** million in **2014**, 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

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

FINANCIAL STATEMENTS
DECEMBER 31, 2015
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, 2015, 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 auditor's 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, 2015, 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 14, 2016
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, 2015

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

	Notes	December 31, 2015	December 31, 2014
ASSETS			
Current assets			
Cash and cash equivalents	5	**22,535,875**	28,295,431
Trade receivables	6	**10,373,670**	15,941,146
Inventories	7	**5,998,582**	7,451,824
Other receivables	8	**909,478**	286,105
Due from related parties	9	**345,432**	-
Total current assets		**40,163,037**	51,974,506
Non - Current assets			
Property, plant and equipment	10	**11,958,975**	14,715,788
Refundable deposits		**732,832**	762,832
Total non - current assets		**12,691,807**	15,478,620
Total assets		**52,854,844**	67,453,126
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**2,837,850**	4,155,498
Other payables and provisions	11	**5,679,774**	4,430,354
Dividends payable		**172,557**	172,557
Due to related parties	9	**217,352**	330,765
Total current liabilities		**8,907,533**	9,089,174
Non - current liabilities			
Provision for indemnity		**7,960,902**	7,174,755
Total non – current liabilities		**7,960,902**	7,174,755
Shareholders' equity			
Paid up capital	12	**25,000,000**	25,000,000
Statutory reserve	13	**5,752,342**	5,647,621
Voluntary reserve	14	**767,937**	767,937
Retained earnings		**4,466,130**	19,773,639
Total shareholders' equity		**35,986,409**	51,189,197
Total liabilities and shareholders' equity		**52,854,844**	67,453,126

Those financial statements were approved by the board of directors on January 14, 2016 and signed on its behalf by:

Mr. Adel Fahmy
General Manager

Mr. Ahmad Sobhi
Deputy Finance Manager

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

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Exhibit-B

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2015

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

	Notes	December 31, 2015	December 31, 2014
Sales		**56,243,564**	62,381,921
Sales discounts		**(2,934,644)**	(2,393,721)
Net sales		**53,308,920**	59,988,200
Cost of sales		**(36,946,957)**	(40,642,329)
Gross profit		**16,361,963**	19,345,871
Other income	15	**569,494**	941,936
Total revenues		**16,931,457**	20,287,807
Expenses and other charges			
Selling and marketing expenses		**4,770,358**	6,037,708
General and administrative expenses		**5,929,313**	5,384,634
Bad debts provision		**3,184,574**	451,160
Concession fee provision for Ajman Government	16	**2,000,000**	2,000,000
Total expenses and other charges		**(15,884,245)**	(13,873,502)
Net profit for the year		**1,047,212**	6,414,305
Earning per share	17	**0.042**	0.26

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, 2015

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

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
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
Dividends distributed	-	-	-	(16,250,000)	(16,250,000)
Net profit for the year	-	-	-	1,047,212	1,047,212
Transfer to statutory reserve	-	104,721	-	(104,721)	-
Balance at December 31, 2015	**25,000,000**	**5,752,342**	**767,937**	**4,466,130**	**35,986,409**

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, 2015
"All amounts are in U.A.E. Dirham"

	December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the year	**1,047,212**	6,414,305
Non monetary adjustments:		
Depreciations	**3,682,953**	4,593,324
Profit on sale of fixed assets	**(7,728)**	-
Loss on sale of fixed assets	**-**	61,277
Provision for indemnity	**1,394,191**	1,036,923
Annuities for indemnity	**(608,044)**	(119,581)
Net changes in working capital items	**6,359,117**	(5,458,398)
Net cash from operating activities	**11,867,701**	6,527,850
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(927,440)**	(860,896)
Proceeds from sale of fixed assets	**9,028**	170,002
Net cash (used in) investing activities	**(918,412)**	(690,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	**(16,250,000)**	(2,915)
Related parties	**(458,845)**	6,256,289
Net cash (used in) from financing activities	**(16,708,845)**	6,253,374
Net (decrease) increase in cash and cash equivalents	**(5,759,556)**	12,090,330
Cash and cash equivalents at the beginning of the year	**28,295,431**	16,205,101
Cash and cash equivalents at the end of year	**22,535,875**	28,295,431

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015
"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 (115 for 2014) with cost 12,372,420 and (10,573,857 for 2014).

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

2.1 Amendments to IFRSs those are mandatorily effective for the current year:

In the current year, the following amendments to IFRSs issued by the International Accounting Standards Board (IASB) are mandatorily effective for an accounting period beginning on or after January 1, 2015:

- **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 to be applied retrospectively, which 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. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 2 "Share-based payment"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendment to be applied prospectively, which amended the definitions of vesting condition and market condition and provided definitions for performance condition and service condition, which were previously part of the definition of vesting condition. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 3 "Business Combinations"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  The amendments to be applied prospectively, which clarified contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. Also, excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment has no effect on the financial statements of the Company.

- **Amendments to IFRS 8 "Operating Segments"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets, if the segment assets are reported regularly. The Company has not applied the aggregation criteria. The Company has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in these financial statements.

- **Amendments to IFRS 13 "Fair Value Measurement"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial. These amendments are to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards.

  Also, clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" or IFRS 9 "Financial Instruments", regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 "Financial Instruments: Presentation".

  These amendments have no effect on the financial statements of the Company.

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that when an item of property, plant and equipment or an intangible asset is revalued, the gross carrying amount to be adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment has no effect on the financial statements of the Company.

- **Amendments to IAS 24 "Related Party Disclosures"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is considered a related party of the reporting entity. This amendment is not relevant for the Company as it does not receive any management services from other entities.

- **Amendments to IAS 40 "Investment Property"**
  (Effective for annual periods beginning on or after July 1, 2014 with earlier application permitted).
  Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 "Business Combinations" and investment property as defined in IAS 40 "Investment Property" requires the separate application of both standards independently of each other. The amendment has no effect on the financial statements of the Company.

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.

  The final version of IFRS 9 was issued in July 2014, which adds a new expected loss impairment model and limited amendments to the classification and measurement requirements by introducing the "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test. The final version supersedes all previous versions of IFRS 9 and replaces IAS 39. The Company is in the process to quantify the effect on the financial statements.

- **IFRS 14 "Regulatory Deferral Accounts"**
  (Effective for annual periods beginning on or after January 1, 2016)
  This standard is applied by first-time adaptors of IFRS. The standard is designed as a limited scope Standard to provide short-term solution for rate-regulated entities that have not yet adopted IFRS.

- **IFRS 15 "Revenue from Contracts with Customers"**
  (Effective for annual periods beginning on or after January 1, 2018 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 related Interpretations when it becomes effective. The standard introduces a five-step approach for revenue recognition to be applied to all contracts with customers.

- **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". 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.

- **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 27 "Separate Financial Statements"**
  (Effective for annual periods beginning on or after January 1, 2016 with earlier application permitted).
  The amendments allowed an entity to account for its investment in subsidiaries, joint ventures and associates in its separate financial statements:
  - At cost;
  - In accordance with IFRS 9; or
  - Using the equity method

  Also, clarified that when the parent ceases or becomes an investment entity, it should account for the change from the date when the change in status occurs.

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 are expected not 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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AJMAN – UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015
"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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GULFA MINERAL WATER
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AJMAN – UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015
"All amounts are in U.A.E. Dirham unless otherwise stated"

5 CASH AND CASH EQUIVALENTS

	December 31, 2015	December 31, 2014
Cash at bank – current	**15,150,618**	24,164,713
Cash at bank – call deposits	**7,385,257**	4,130,718
	22,535,875	28,295,431

The call deposits earn annual interest rate of 0.05% (0.5% in 2014).

6 TRADE RECEIVABLES

	December 31, 2015	December 31, 2014
Trade receivables	**12,451,908**	15,352,258
Cheques under collection	**1,529,973**	1,188,888
	13,981,881	16,541,146
Allowance for doubtful debts	**(3,608,211)**	(600,000)
	10,373,670	15,941,146

7 INVENTORIES

	December 31, 2015	December 31, 2014
Raw materials	**3,131,631**	4,729,331
Spare parts	**2,368,682**	2,239,514
Finished products	**808,006**	616,354
Total inventories	**6,308,319**	7,585,199
Allowance for slow moving inventories	**(309,737)**	(133,375)
	5,998,582	7,451,824

8 OTHER RECEIVABLES

	December 31, 2015	December 31, 2014
Prepaid expenses	**405,560**	222,665
Advances to suppliers	**393,518**	59,370
Others	**110,400**	4,070
	909,478	286,105

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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)	345,432	-
Kuwait Food Company – (Americana), Head Office, Kuwait	-	(217,352)
	345,432	(217,352)

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Total
Cost:						
At December 31, 2014	243,000	19,896,946	48,977,642	3,823,904	2,519,368	75,460,860
Additions for the year	-	17,500	840,130	69,810	-	927,440
Disposal during year	-	(1,924)	(218,941)	(454,281)	-	(675,146)
At December 31, 2015	**243,000**	**19,912,522**	**49,598,831**	**3,439,433**	**2,519,368**	**75,713,154**
Depreciation:						
At December 31, 2014	-	13,348,345	41,855,335	3,291,156	2,250,236	60,745,072
Additions for the year	-	475,012	2,912,932	164,276	130,733	3,682,953
Disposal during year	-	(1,435)	(218,941)	(453,470)	-	(673,846)
At December 31, 2015	**-**	**13,821,922**	**44,549,326**	**3,001,962**	**2,380,969**	**63,754,179**
Net book values:						
At December 31, 2015	**243,000**	**6,090,600**	**5,049,505**	**437,471**	**138,399**	**11,958,975**
At December 31, 2014	243,000	6,548,601	7,122,307	532,748	269,132	14,715,788

11 OTHER PAYABLES AND PROVISIONS

	December 31, 2015	December 31, 2014
Post dated cheques	991,575	-
Accrued expenses	3,868,110	3,805,165
Other payables	820,089	625,189
	5,679,774	4,430,354

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, 2015	December 31, 2014
(Loss) profit from sale of fixed assets	**7,728**	(61,277)
Other	**561,766**	1,003,213
	569,494	941,936

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, 2015	December 31, 2014
Profit for the year	**1,047,212**	6,414,305
Weighted average number of ordinary shares for purposes of basic earnings	**25,000,000**	25,000,000
Earning per share	**0.042**	0.26

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18 CONTINGENT LIABILITIES

	December 31, 2015	December 31, 2014
Letters of guarantee	**300,000**	330,000
Letters of credit	**-**	163,636
	300,000	493,636

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.

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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, 2015:

	Within 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
Liabilities					
Trade payables	2,837,850	-	-	-	2,837,850
Other payables and provision	-	5,679,774	-	-	5,679,774
Dividends payable	-	172,557	-	-	172,557
Due to related parties	-	217,352	-	-	217,352
Provision for indemnity	-	-	7,960,902	-	7,960,902
Total liabilities	**2,837,850**	**6,069,683**	**7,960,902**	**-**	**16,868,435**

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**

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, 2015	December 31, 2014
Debts	-	-
Less: cash and cash equivalent	**22,535,875**	28,295,431
Net debts	**(22,535,875)**	(28,295,431)

No debts, so no gearing ratio.

22 APROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on January 14, 2016.