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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
WITH REVIEW REPORT
(UNAUDITED)

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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
WITH REVIEW REPORT
(UNAUDITED)

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REVIEW REPORT

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

Review Report on the interim condensed financial information

Introduction
We have reviewed the accompanying interim condensed statement of financial position of Gulfa Mineral Water and Processing Industries CO. PLC as of June 30, 2017, the related interim condensed statements of comprehensive income, cash flows and changes in shareholders' equity for the six months period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No, (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditors of the Entity".

A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has came to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with International Accounting Standard No, (34) "Interim Financial Reporting".

Report on other legal and regulatory requirements
Furthermore, based on our review, the interim condensed financial information is in agreement with the books of the Company. Also, to the best of our knowledge and belief, no violations of the Commercial Companies' Law No. 2 of 2015, nor of the Company's Articles of Association have occurred during the six months ended June 30, 2017 that might have had a material effect on the business of the Company or on its financial position.

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

July 16, 2017
Dubai – U.A.E.

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

Exhibit-A

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2017
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	Notes	June 30, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	3	**4,461,930**	15,491,054
Trade receivables	4	**18,202,862**	13,366,289
Inventories	5	**7,844,569**	6,211,443
Other receivables	6	**3,450,000**	378,493
Due from related parties	7	**997,508**	461,054
Total current assets		**34,956,869**	35,908,333
Non - Current assets			
Property, plant and equipment	8	**13,782,508**	14,433,836
Intangible assets	9	**142,918**	-
Refundable deposits		**732,832**	737,832
Total non - current assets		**14,658,258**	15,171,668
Total assets		**49,615,127**	51,080,001
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**4,443,080**	2,354,682
Other payables and provisions	10	**3,519,096**	4,841,343
Dividends payable		**816,384**	822,374
Due to related parties	7	**297,053**	298,722
Total current liabilities		**9,075,613**	8,317,121
Non - current liabilities			
Provision for indemnity		**4,695,159**	5,424,234
Total non – current liabilities		**4,695,159**	5,424,234
Shareholders' equity			
Paid up capital	11	**30,000,000**	30,000,000
Statutory reserve	12	**5,887,566**	5,887,566
Voluntary reserve	13	**234,067**	234,067
Retained (loss) earnings		**(277,278)**	1,217,013
Total shareholders' equity		**35,844,355**	37,338,646
Total liabilities and shareholders' equity		**49,615,127**	51,080,001

These interim financial statements were approved by the board of directors on July 16, 2017 and signed on their behalf by:

Mr. Okely Ali
Deputy General Manager

Mr. Ahmad Sobhi
Deputy Finance Manager

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

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Exhibit-B

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

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	Notes	Three month ended		Six month ended	
		June 30, 2017 (unaudited)	June 30, 2016 (unaudited)	**June 30, 2017 (unaudited)**	June 30, 2016 (unaudited)
Sales		**13,350,256**	13,158,170	**24,182,035**	23,837,087
Sales discounts		**(1,429,615)**	(1,275,692)	**(2,155,309)**	(2,110,855)
Net sales		**11,920,641**	11,882,478	**22,026,726**	21,726,232
Cost of sales		**(9,444,977)**	(8,796,974)	**(18,117,567)**	(16,579,551)
Gross profit		**2,475,664**	3,085,504	**3,909,159**	5,146,681
Provision no longer required		**-**	-	**558,515**	-
Other income		**457,603**	310,993	**500,510**	558,158
Total revenues		**2,933,267**	3,396,497	**4,968,184**	5,704,839
Expenses and other charges					
Selling and marketing expenses		**1,239,356**	755,153	**2,181,498**	1,647,653
General and administrative expenses		**1,156,077**	647,459	**2,080,977**	1,901,003
Concession fee provision for Ajman Government	14	**500,000**	500,000	**1,000,000**	1,000,000
Total expenses and other charges		**(2,895,433)**	(1,902,612)	**(5,262,475)**	(4,548,656)
Net profit (loss) for the period		**37,834**	1,493,885	**(294,291)**	1,156,183
Earning (loss) per share	15	**0.0013**	0.05	**(.010)**	0.04

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

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Exhibit-C

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

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2017
(UNAUDITED)
"All amounts are in U.A.E. Dirham"

	Paid up capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2016	25,000,000	5,752,342	767,937	4,466,130	35,986,409
Increase in capital - Note 10	5,000,000	-	(533,870)	(4,466,130)	-
Net profit for the period	-	-	-	1,156,183	1,156,183
Balance at June 30, 2016	30,000,000	5,752,342	234,067	1,156,183	37,142,592
Balance at January 1, 2017	30,000,000	5,887,566	234,067	1,217,013	37,338,646
Dividends distributed	-	-	-	(1,200,000)	(1,200,000)
Net (loss) for the period	-	-	-	(294,291)	(294,291)
Balance at June 30, 2017	**30,000,000**	**5,887,566**	**234,067**	**(277,278)**	**35,844,355**

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

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Exhibit-D

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)
"All amounts are in U.A.E. Dirham"

	June 30, 2017 (unaudited)	June 30, 2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) profit for the period	(294,291)	1,156,183
Adjustment:		
Depreciation	1,139,595	1,126,311
Provision for indemnity	(729,075)	199,639
Net changes in working capital items	(8,770,055)	(4,876,455)
Net cash (used in) operating activities	(8,653,826)	(2,394,322)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(631,185)	(688,083)
Net cash (used in) investing activities	(631,185)	(688,083)
CASH FLOWS FROM FINANCING ACTIVITIES		
Related parties	(538,123)	(66,109)
Dividends payable	(5,990)	650
Dividends distributed	(1,200,000)	-
Net cash (used in) financing activities	(1,744,113)	(65,459)
Net (decrease) in cash and cash equivalents	(11,029,124)	(3,147,864)
Cash and cash equivalents at the beginning of the period	15,491,054	22,535,875
Cash and cash equivalents at the end of period	4,461,930	19,388,011

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

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

1 COMPANY'S INFORMATION AND ACTIVITIES

Gulfa Mineral Water and Processing Industries CO. – PLC – the company was established in Ajman by an Emiri decree number 13 issued by H,H the Ruler of Ajman on March 28, 1977, The company started operations on May 24, 1977.

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

2 BASIS OF PRESENTATION

The interim condensed financial information has been prepared in compliance with the International Accounting Standard No. 34 which related to the interim financial information. The interim condensed financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included .The operating results for the interim period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the financial statements and notes thereto included in the company's annual report for the year ended December 31, 2016.

3 CASH AND CASH EQUIVALENTS

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Cash on hand	**180,000**	-
Cash at bank – current	**3,033,346**	7,691,804
Cash at bank – call deposits	**1,248,584**	7,799,250
	4,461,930	15,491,054

The call deposits earn annual interest rate of 0.05% (0.05% in 2016).

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

4 TRADE RECEIVABLES

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Trade receivables	21,032,666	16,196,093
Allowance for doubtful debts	(2,829,804)	(2,829,804)
	18,202,862	13,366,289

5 INVENTORIES

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Raw materials	4,973,026	3,161,210
Spare parts	2,388,417	2,330,847
Finished products	729,637	965,897
Total inventories	8,091,080	6,457,954
Allowance for slow moving inventories	(246,511)	(246,511)
	7,844,569	6,211,443

6 OTHER RECEIVABLES

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Prepaid expenses and others	2,128,848	284,424
Advances to suppliers	1,277,775	94,069
Others	43,377	-
	3,450,000	378,493

7 RELATED PARTIES

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

GULFA MINERAL WATER
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AJMAN – UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2017 (UNAUDITED)
"All amounts are in U.A.E. Dirham unless otherwise stated"

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

	Due from	Due to
Gulf Food Industries (California Garden)	697,508	-
Egyptian Caning Company	300,000	-
Kuwait Food Company – (Americana), Head Office, Kuwait	-	297,053
	997,508	297,053

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Assets under construction	Total
Cost:							
Balance at December 31, 2016	243,000	20,000,972	50,208,067	2,383,593	2,519,368	3,829,809	79,184,809
Additions for the period	-	-	393,842	56,453	73,890	-	524,185
Disposals	-	(3,160)	(1,818,868)	(4,300)	(101,500)	-	(1,927,828)
Transfer to machinery	-	-	3,784,769	-	-	(3,784,769)	-
Transfer to intangible assets	-	-	-	-	-	(45,040)	(45,040)
Balance at June 30, 2017	**243,000**	**19,997,812**	**52,567,810**	**2,435,746**	**2,491,758**	**-**	**77,736,126**
Depreciation:							
Balance at December 31, 2016	-	14,270,951	45,979,075	2,055,178	2,445,769	-	64,750,973
Depreciation for the period	-	222,890	804,026	63,769	39,788	-	1,130,473
Disposals	-	(3,160)	(1,818,868)	(4,300)	(101,500)	-	(1,927,828)
Balance at June 30, 2017	**-**	**14,490,681**	**44,964,233**	**2,114,647**	**2,384,057**	**-**	**63,953,618**
Net book values:							
Balance at June 30, 2017	**243,000**	**5,507,131**	**7,603,577**	**321,099**	**107,701**	**-**	**13,782,508**
Balance at December 31, 2016	243,000	5,730,021	4,228,992	328,415	73,599	3,829,809	14,433,836

9 INTANGIBLE ASSTS

	March 31, 2017 (unaudited)
Transfer from assets under construction	45,040
Additional (website)	107,000
Amortization	(9,122)
	142,918

10 OTHER PAYABLES AND PROVISIONS

	June 30, 2017 (unaudited)	December 31, 2016 (audited)
Accrued expenses	2,201,817	3,679,655
Other	1,317,279	1,161,688
	3,519,096	4,841,343

11 PAID UP CAPITAL

In its extra ordinary meeting on December 6, 2006, the general assembly of the company has agreed to increase the authorized capital of the company from AED 13,357,820 (AED thirteen million three hundred fifty seven thousand eight hundred and twenty only) to a AED 40,000,000 (AED forty million only) with the objective of increasing the paid up capital to AED 25,000,000 (AED twenty five million only) and on April 18, 2016 the ordinary general assembly of the company decided to increase the paid up capital to AED 30,000,000 by distributing a bonus shares worth 20% of the capital and balance amount from voluntary reserve, while the balance is to be called in future dates to be determined by the board of Director.

12 STATUTORY RESERVE

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

13 VOLUNTARY RESERVE

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

14 CONCESSION FEES PROVISION FOR AJMAN GOVERNMENT

In accordance with a letter dated 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). Said concession fee payment has been extended for one more year from January 1, 2017 to December 31, 2017.

15 EARNING PER SHARE

	June 30, 2017	June 30, 2016
(Loss) Profit for the period	(294,291)	1,156,183
Weighted average number of ordinary shares for purposes of basic earnings	30,000,000	30,000,000
(Loss) Earning per share	(0.010)	0.04

16 CONTINGENT LIABILITIES

	June 30, 2017	June 30, 2016
Letters of guarantee	**300,000**	300,000
	300,000	300,000

17 GENERAL ASSEMBLY OF SHAREHOLDERS

The ordinary general assembly of shareholders was held on April 25, 2017 who approved the financial statements for the year ended December 31, 2016. and agreed unanimously to pay dividends 4 fills per share.

18 FINANCIAL INSTRUMENTS

The Company in the normal course of business uses various types of financial instruments. Information on financial risks and fair value of these financial instruments are set out below.

a) Credit risk
Financial assets, which potentially subject the company to credit risk, consist principally of cash at banks and accounts receivable. The company cash is placed with high credit rating financial institutions and receivables are presented net of allowance for doubtful debts. Credit risk with respect to receivables is limited due to the large number of customers and their dispersion across different industries.

b) Interest rate risk
The effective interest rates and the periods in which interest bearing financial assets and liabilities are reprised or mature are indicated in the respective notes.

c) Currency risk
The company ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the U.A.E. Dhs.

19 COMPARATIVE FIGURES

The comparative figures have been reclassified to be consistent with presentation adopted in the current period.

20 APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the board of directors on July 16, 2017.