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

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 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 THREE MONTHS ENDED MARCH 31, 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 March 31, 2017, the related interim condensed statements of comprehensive income, cash flows and changes in shareholders' equity for the three months period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

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

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

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

Report on 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 three months ended March 31, 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

April 27, 2017
Dubai – U.A.E.

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GULFA MINERAL WATER
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Exhibit-A

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2017
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	Notes	March 31, 2017 (unaudited)	December 31, 2016 (audited)
ASSETS			
Current assets			
Cash and cash equivalents	3	**9,017,077**	15,491,054
Trade receivables	4	**14,290,451**	13,366,289
Inventories	5	**6,719,591**	6,211,443
Other receivables	6	**3,121,326**	378,493
Due from related parties	7	**633,866**	461,054
Total current assets		**33,782,311**	35,908,333
Non - Current assets			
Property, plant and equipment	8	**14,258,870**	14,433,836
Intangible assets	9	**149,759**	-
Refundable deposits		**732,832**	737,832
Total non - current assets		**15,141,461**	15,171,668
Total assets		**48,923,772**	51,080,001
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade payables		**2,118,058**	2,354,682
Other payables and provisions	10	**3,906,473**	4,841,343
Dividends payable		**822,374**	822,374
Due to related parties	7	**298,722**	298,722
Total current liabilities		**7,145,627**	8,317,121
Non - current liabilities			
Provision for indemnity		**4,771,624**	5,424,234
Total non – current liabilities		**4,771,624**	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 earnings		**884,888**	1,217,013
Total shareholders' equity		**37,006,521**	37,338,646
Total liabilities and shareholders' equity		**48,923,772**	51,080,001

Those interim financial statements were approved by the board of directors on May 3, 2017 and signed on their behalf by:

Mr. Adel Fahmy
General Manager

Mr. Ahmad Sobhi
Deputy Finance Manager

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

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Exhibit-B

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2017
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	Notes	**March 31, 2017 (unaudited)**	March 31, 2016 (unaudited)
Sales		**10,831,779**	10,678,917
Sales discounts		**(725,694)**	(835,163)
Net sales		**10,106,085**	9,843,754
Cost of sales		**(8,672,590)**	(7,782,577)
Gross profit		**1,433,495**	2,061,177
Provision no longer required		**558,515**	-
Other income		**42,907**	247,165
Total revenues		**2,034,917**	2,308,342
Expenses and other charges			
Selling and marketing expenses		**942,142**	892,500
General and administrative expenses		**924,900**	1,253,544
Concession fee provision for Ajman Government	14	**500,000**	500,000
Total expenses and other charges		**(2,367,042)**	(2,646,044)
Net (loss) for the period		**(332,125)**	(337,702)
(Loss) per share	15	**(0.011)**	(0.011)

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

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Exhibit-C

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 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
Net (loss) for the period	-	-	-	(337,702)	(337,702)
Balance at March 31, 2016	25,000,000	5,752,342	767,937	4,128,428	35,648,707
Balance at January 1, 2017	30,000,000	5,887,566	234,067	1,217,013	37,338,646
Net (loss) for the period	-	-	-	(332,125)	(332,125)
Balance at March 31, 2017	30,000,000	5,887,566	234,067	884,888	37,006,521

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

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Exhibit-D

INTERIM CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2017
(UNAUDITED)
(All amounts are in U.A.E. Dirham)

	March 31, 2017 (unaudited)	March 31, 2016 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period	**(332,125)**	(337,702)
Adjustments:		
Depreciation and amortization	**529,786**	651,083
Provision for indemnity	**(652,610)**	70,474
Net changes in working capital items	**(5,341,637)**	(1,763,345)
Net cash (used in) operating activities	**(5,796,586)**	(1,379,490)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(504,579)**	(363,070)
Net cash (used in) investing activities	**(504,579)**	(363,070)
CASH FLOWS FROM FINANCING ACTIVITIES		
Related parties	**(172,812)**	(200,425)
Net cash (used in) financing activities	**(172,812)**	(200,425)
Net (decrease) in cash and cash equivalents	**(6,473,977)**	(1,942,985)
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	**9,017,077**	20,592,890

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017
(UNAUDITED)
(All amounts are in U.A.E. Dirham unless otherwise stated)

1 COMPANY'S FORMATION AND ACTIVITIES

Gulfa Mineral Water and Processing Industries Co. – PLC – the company was established in Ajman by an Emiri Decree Number 13 issued by H.H. the Ruler of Ajman on March 28, 1977. The company started operations on May 24, 1977. The company has fulfilled all the requirements of the Commercial Federal Law Number 8 of 1984 and its subsequent amendments as per the decision of the Annual General Meeting ("AGM") in its extra ordinary meeting held on February 20, 1993.

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

2 BASIS OF PRESENTATION

The interim condensed financial information has been prepared in compliance with the International Accounting Standard No. 34 which related to the interim financial information. The interim condensed financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The operating results for the interim period ended March 31, 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

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Cash on hand	**141,142**	-
Cash at bank – current	**3,386,074**	7,691,804
Cash at bank – call deposits	**5,489,861**	7,799,250
	9,017,077	15,491,054

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

4 TRADE RECEIVABLES

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Trade receivables	**16,393,300**	16,196,093
Cheques under collection	**726,955**	-
	17,120,255	16,196,093
Bad debts provision	**(2,829,804)**	(2,829,804)
	14,290,451	13,366,289

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016
(UNAUDITED)
(All amounts are in U.A.E. Dirham unless otherwise stated)

5 INVENTORIES

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Raw materials	**3,812,810**	3,161,210
Spare parts	**2,371,297**	2,330,847
Finished products	**781,995**	965,897
Total inventory	**6,966,102**	6,457,954
Allowance for slow moving inventories	**(246,511)**	(246,511)
	6,719,591	6,211,443

6 OTHER RECEIVABLES

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Prepaid expenses and others	**2,520,980**	284,424
Advances to suppliers	**600,346**	94,069
	3,121,326	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 financing transaction.

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

	Due from related party	Due to related parties
Gulf food industries (California Garden)	**633,866**	-
Kuwait food company – (Americana), Head office, Kuwait	-	**296,968**
Americana Group – Egypt	-	**1,754**
	633,866	**298,722**

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2016
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(All amounts are in U.A.E. Dirham unless otherwise stated)

8 PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery and equipments	Furniture and fixture	Motor vehicles	Assets under construction	Total
Cost:							
Balance at December 31, 2016	243,000	20,000,972	50,208,067	2,383,593	2,519,368	3,829,809	79,184,809
Additions	-	-	285,106	38,583	73,890	-	397,579
Disposals	-	-	(225,500)	-	(101,500)	-	(327,000)
Transfer to machinery	-	-	3,784,769	-	-	(3,784,769)	-
Transfer to intangible assets	-	-	-	-	-	(45,040)	(45,040)
At March 31, 2017	**243,000**	**20,000,972**	**54,052,442**	**2,422,176**	**2,491,758**	**-**	**79,210,348**
Depreciation:							
Balance at December 31, 2016	-	14,270,951	45,979,075	2,055,178	2,445,769	-	64,750,973
Charges for the period	-	111,445	366,187	31,826	18,047	-	527,505
Disposals	-	-	(225,500)	-	(101,500)	-	(327,000)
At March 31, 2017	**-**	**14,382,396**	**46,119,762**	**2,087,004**	**2,362,316**	**-**	**64,951,478**
Net book values:							
At March 31, 2017	**243,000**	**5,618,576**	**7,932,680**	**335,172**	**129,442**	**-**	**14,258,870**
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	**(2,281)**
	149,759

10 OTHER PAYABLES AND PROVISIONS

	March 31, 2017 (unaudited)	December 31, 2016 (audited)
Accrued expenses	**2,421,544**	3,679,655
Others	**1,484,929**	1,161,688
	3,906,473	4,841,343

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(All amounts are in U.A.E. Dirham unless otherwise stated)

11 AUTHORIZED AND FULLY PAID CAPITAL

In its extra ordinary meeting on December 6, 2006, the general assembly of the company has agreed to increase the authorized capital of the company from AED 13,357,820 (AED thirteen million three hundred fifty seven thousand eight hundred and twenty only) to a AED 40,000,000 (AED forty million only) with the objective of increasing the paid up capital to AED 25,000,000 (AED twenty five million only) 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 (LOSS) EARNING PER SHARE

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
(Loss) profit for the period	**(332,125)**	(337,702)
Weighted average number of ordinary shares for purposes of basic earnings	**30,000,000**	30,000,000
(Loss) earning per share	**(0.011)**	(0.011)

16 CONTINGENT LIABILITIES

	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
Letters of guarantee	**300,000**	300,000

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(UNAUDITED)
(All amounts are in U.A.E. Dirham unless otherwise stated)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

The director believes that at March 31, 2017 the fair values of financial instruments approximate their carrying amounts.

18 FINANCIAL INSTRUMENT

a) Credit risk
Financial assets, which potentially subject the branch to credit risk, consist principally of cash at banks and accounts receivable. The branch 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 branch 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 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.

20 COMPARATIVE FIGURES

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

21 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the management on May 3, 2017.