Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed financial statements for the nine months period ended 30 September 2018

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed financial information
for the nine months period ended 30 September 2018

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Report on review of interim condensed financial statements to the shareholders of Gulfa Mineral Water and Processing Industries co. P.L.C.

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Gulfa Mineral Water and Processing Industries Co. P.L.C. (the "Company") as at 30 September 2018 and the related interim condensed statements of comprehensive income for the three-month and nine-month periods then ended and interim condensed statements of changes in equity and cash flows for the nine-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements 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 come to our attention that causes us to believe that the accompanying interim condensed financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to Note 2 to the interim condensed financial statements, which indicates that the Company incurred a net loss of AED 2,897,984 and AED 9,443,884 during the three-month and nine-month periods ended 30 September 2018 and, as of that date, the Company had accumulated losses of AED 17,612,739. As stated in Note 2, these conditions, along with other matters set out in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern.

PricewaterhouseCoopers
13 November 2018

Mohamed ElBorno
Registered Auditor Number 946
Dubai, United Arab Emirates

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed statement of financial position

	Note	As at 30 September 2018 AED (Reviewed)	As at 31 December 2017 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,786,425	12,685,640
Intangible assets		106,428	129,234
		12,892,853	12,814,874
Current assets			
Inventories		4,914,497	5,977,580
Trade and other receivables	5	6,445,279	12,561,569
Due from related parties	6	1,138,961	1,081,389
Cash and cash equivalents	7	2,261,826	7,183,247
		14,760,563	26,803,785
Total assets		27,653,416	39,618,659
EQUITY AND LIABILITIES			
Equity			
Capital and reserves			
Share capital	8	30,000,000	30,000,000
Statutory reserve	9	5,887,566	5,887,566
Voluntary reserve	10	234,067	234,067
Accumulated losses		(17,612,739)	(6,456,442)
Total equity		18,508,894	29,665,191
Liabilities			
Non-current liability			
Provision for employees' end of service benefits		2,336,287	3,376,909
Current liabilities			
Trade and other payables	12	6,195,867	6,088,926
Provisions	12	439,810	441,926
Due to related parties	7	172,558	45,707
Total liabilities		6,808,235	6,576,559
Total equity and liabilities		9,144,522	9,953,468
		27,653,416	39,618,659

The interim condensed financial statements were approved for issue by the Board of Directors on 13 November 2018 and were signed on its behalf by:

Mr. Ahmed Samir
Commercial Director

Mr. Ahmed Sobhi
Deputy Finance Manager

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed statement of comprehensive income

	Note	Three month ended 30 September		Nine month ended 30 September	
		2018 AED (Reviewed)	2017 AED (Reviewed)	2018 AED (Reviewed)	2017 AED (Reviewed)
Revenue		6,461,262	9,307,640	18,695,623	30,291,620
Cost of sales	13	(5,640,726)	(9,030,628)	(20,951,501)	(28,148,046)
Gross profit		820,536	277,012	(2,255,878)	2,143,574
Other income	14	77,005	238,060	92,010	738,570
General and administrative expenses		(2,305,441)	(963,326)	(4,183,101)	(2,485,921)
Selling and distribution expenses		(1,490,084)	(339,197)	(3,096,915)	(1,477,966)
Loss for the period		(2,897,984)	(787,451)	(9,443,884)	(1,081,743)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(2,897,984)	(787,451)	(9,443,884)	(1,081,743)
Basic and diluted losses per share	11	(0.097)	(0.026)	(0.315)	(0.036)

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed statement of changes in equity

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Accumulated losses AED	Total AED
Balance at 1 January 2017	30,000,000	5,887,566	234,067	1,217,013	37,338,646
Dividends declared (Note 16)	-	-	-	(1,200,000)	(1,200,000)
Loss for the period	-	-	-	(1,081,743)	(1,081,743)
Balance at 30 September 2017 (Reviewed)	30,000,000	5,887,566	234,067	(1,064,730)	35,056,903
Balance at 31 December 2017	30,000,000	5,887,566	234,067	(6,456,442)	29,665,191
Impact of application of new accounting standard (Note 2.3)	-	-	-	(1,712,413)	(1,712,413)
Balance at 1 January 2018	30,000,000	5,887,566	234,067	(8,168,855)	27,952,778
Loss for the period	-	-	-	(9,443,884)	(9,443,884)
Balance at 30 September 2018 (Reviewed)	30,000,000	5,887,566	234,067	(17,612,739)	18,508,894

The notes on pages 6 to 18 are an integral part of these financial statements

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Interim condensed statement of cash flows

	Note	Nine-month period ended 30 September 2018 AED (Reviewed)	2017 AED (Reviewed)
Cash flows from operating activities			
Loss for the period		(9,443,884)	(1,081,743)
Adjustments for:			
Depreciation		1,872,393	1,736,581
Amortisation		22,806	15,964
Gain on sale of property, plant and equipment	14	(76)	(485,000)
Reversal of provision for employees' end of service benefits		(319,884)	(276,045)
Provision for impairment of trade and other receivables		1,905,850	-
Provision for obsolete, slow moving, and defective inventories		1,720,717	-
Operating cash flows before changes in working capital		(4,242,078)	(90,243)
Payment of employees' end of service benefits		(720,738)	(725,057)
		(4,962,816)	(815,300)
Changes in working capital:			
Trade and other receivables		2,498,027	(4,179,700)
Due from related parties		(57,572)	(642,950)
Inventories		(657,634)	(684,219)
Trade and other payables and provisions		104,825	(778,606)
Due to related parties		126,851	(298,722)
Net cash used in operating activities		(2,948,319)	(7,399,497)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,973,702)	(590,550)
Proceeds from sale of equipment and vehicles		600	485,000
Purchase of intangibles		-	(152,040)
Net cash used in investing activities		(1,973,102)	(257,590)
Cash flows from financing activity			
Cash dividends distributed	16	-	(1,200,000)
Net decrease in cash and cash equivalents		(4,921,421)	(8,857,087)
Cash and cash equivalents, beginning of the period		7,183,247	15,491,054
Cash and cash equivalents, end of the period		2,261,826	6,633,967

Non-cash transaction:

Trade and other receivables is net of the opening impact of IFRS 9 amounting to AED 1,712,413 (Note 2.3).

Gulfa Mineral Water and Processing Industries Co. P.L.C.

Notes to the interim condensed financial information for the nine-month period ended 30 September 2018

1 General information

Gulfa Mineral Water and Processing Industries Co. P.L.C. (the "Company") was established in Ajman by an Emiri decree number 13 issued by His Highness the Ruler of Ajman on 28 March 1977. The Company started its operations on 24 May 1977. The Company is a publicly listed company on the Dubai Financial Market since 17 April 2007. The Company's registered address is at Gulfa Street, P.O.Box 929, Ajman, United Arab Emirates.

The Company is 92.7% effectively owned subsidiary of Kuwait Food Company (Americana), a company incorporated in Kuwait (the "Parent Company"). The Ultimate parent of the Company is Adeptio AD Holdings SPC Ltd. ("Ultimate Parent Company"), a company incorporated in Dubai (see note 20).

The Company's plant is in Muzeirah Street Masfout, P.O. Box 929, Ajman, United Arab Emirates. The main activities of the Company are production and bottling of mineral water, manufacturing and trading of juices, food stuff, preforms and screw caps.

As required by Securities and Commodities Authority (SCA) through their letter 411/2018 dated 9 July 2018 (Exposure to Abraaj Group Companies), we disclose that the Company does not have any exposure to Abraaj Group of companies and any of the funds that it manages.

2 Basis of preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out in the next page.

This interim condensed financial statements for the nine-month period ended 30 September 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2017. The interim condensed financial statements does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2017.

The interim condensed financial statements has been prepared under the historical cost convention.

Going concern

The Company incurred a net loss of AED 2,897,984 and AED 9,443,884 for the three-month and nine-month periods ended 30 September 2018 (for the three-month and nine-month periods ended 30 September 2017: AED 787,451 and AED 1,081,743) and accumulated losses of AED 17,612,739 (2017: AED 6,456,442) as at that date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Management has prepared a detailed business plan and cash flow projections covering a five year period which show that the Company should be able to recover the losses, if the underlying assumptions, business conditions, and change in business model and marketing strategy are met and implemented by the board of directors. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

2 Summary of significant accounting policies (continued)

2.1 New standards, amendments and interpretations

(a) Amendment to standards and interpretations issued and effective during the financial period beginning 1 January 2018:

- IFRS 9, 'Financial instruments: Classification and Measurement' (effective from 1 January 2018); and
- IFRS 15, 'Revenue from contracts with customers' (effective from 1 January 2018).

The impacts of the above amendment to standards on the interim condensed financial statements of the Company, has been disclosed in Notes 2.2 and 2.3.

(b) New standard issued but not effective until financial periods beginning after 1 January 2018 and not early adopted by the Company:

- IFRS 16, 'Leases' (effective from 1 January 2019).

The Company is assessing the impact of the accounting changes that will arise as a result of the application of IFRS 16.

2.2 IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how and when revenue is recognised. It replaced IAS 18 Revenues, IAS 11 Construction contracts and related interpretations.

The Company has adopted IFRS 15 using the modified retrospective transition approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 thus the comparatives for year ended 31 December 2017 will not be restated.

The main impact of IFRS 15 on the condensed interim financial statements of the Company is attributed to the following:

- Sales return – IFRS 15 requires that a variable consideration in relation to sales return, shall be recognised upon recognition of revenue rather than of when the return actually occurs. After adoption of IFRS 15, the Company should recognise:

(a) Revenue for the transferred products in the amount of consideration to which the entity expects to be entitled.

(b) A corresponding refund liability and;

(c) An asset and corresponding adjustment to cost of sales for its right to recover products from its customers on settling the refund liability.

2 Summary of significant accounting policies (continued)

2.2 IFRS 15 Revenue from contracts with customers (continued)

- Progressive rebates – The Company provide progressive rebates to its customers whereby such customers are provided with additional discounts where they meet specified sales targets. Such discounts represent IFRS 15 variable consideration and will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Changes in accounting policies resulting from the adoption of IFRS 15 has not resulted in any material impact on the opening balance of retained earnings/equity as of 1 January 2018.

2.3 IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

The Company has adopted IFRS 9 using a modified retrospective approach, with a date of initial application as of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

All other assets that were previously classified as loans and receivables will now be classified as assets measured at amortised cost under IFRS 9. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

The adoption of IFRS 9 requires the recognition of impairment provisions based on the new impairment model - expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. This change has resulted an impact of AED 1,712,413 on opening balance of retained earnings/equity.

2 Summary of significant accounting policies (continued)

2.3 IFRS 9 Financial instruments (continued)

The following table summarises the impact of adopting IFRS 9 and 15 on the Company's condensed interim statement of income for the nine-month period ended 30 September 2018.

	Amounts without adoption of IFRS 9 and 15 AED	Adjustments AED	As reported 30 September 2018 AED
Revenue	20,064,765	(1,369,142)	18,695,623
Cost of revenue	(20,951,501)	-	(20,951,501)
Gross profit	(886,736)	(1,369,142)	(2,255,878)
Other income	92,010	-	92,010
General and administrative expenses	(3,017,248)	(1,165,853)	(4,183,101)
Selling and distribution expenses	(4,466,057)	1,369,142	(3,096,915)
Loss for the period	(8,278,031)	(1,165,853)	(9,443,884)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the interim condensed financial statements of the Company are measured using the currency of primary economic environment in which the Company operates (the 'functional currency'). The interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentational currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income statement.

3 Financial risk management

3.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The management carries out risk assessment for managing each of these risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The interim condensed financial statements does not include all financial risk management statements and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

(a) Credit risk

Credit risk arises from trade and other receivables (Note 6), due from related parties balances (Note 7) and cash and cash equivalents. The Company assesses the credit quality of its customers, taking into account their financial position, past experience and other factors.

The table below on the next page shows the credit rating at the end of the reporting period based on Moody's ratings for the main banking relationships:

Rating	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Aa3	1,958,412	7,018,368
A3	96,114	96,114
	2,054,526	7,114,482

The cash on hand as at 30 September 2018 amounted to AED 207,300 (31 December 2017: 68,765).

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below presents the Company's financial liabilities which are all due within 12 months. The amounts disclosed in the table are the contractual undiscounted cash flows at maturity. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Financial liabilities		
Trade and other payables	6,195,867	6,088,926
Due to related parties	172,558	45,707
Total		

4 Equipment and vehicles

	Land AED	Building AED	Machinery and equipment AED	Furniture and fixtures AED	Motor vehicles AED	Capital work-in-progress AED	Total AED
Cost							
At 1 January 2017	243,000	20,000,972	50,208,067	2,383,593	2,519,368	3,829,809	79,184,809
Additions	-	-	497,093	64,603	73,890	-	635,586
Disposals	-	(3,160)	(3,830,030)	(152,759)	(101,500)	-	(4,087,449)
Transfers	-	-	3,784,769	-	-	(3,784,769)	-
Transfers to intangible assets	-	-	-	-	-	(45,040)	(45,040)
At 31 December 2017 (Audited)	243,000	19,997,812	50,659,899	2,295,437	2,491,758	-	75,687,906
Additions	-	58,100	689,403	16,450	-	1,209,749	1,973,702
Disposals	-	-	-	(3,590)	-	-	(3,590)
Transfers	-	-	1,209,749	-	-	(1,209,749)	-
At 30 September 2018 (Reviewed)	243,000	20,055,912	52,559,051	2,308,297	2,491,758	-	77,658,018
Accumulated depreciation							
At 1 January 2017	-	14,270,951	45,979,075	2,055,178	2,445,769	-	64,750,973
Charge for the period	-	445,496	1,689,318	129,357	74,571	-	2,338,742
Disposals	-	(3,160)	(3,830,030)	(152,759)	(101,500)	-	(4,087,449)
At 31 December 2017 (Audited)	-	14,713,287	43,838,363	2,031,776	2,418,840	-	63,002,266
Charge for the period	-	332,130	1,406,034	98,258	35,971	-	1,872,393
Disposals	-	-	-	(3,066)	-	-	(3,066)
At 30 September 2018 (Reviewed)	-	15,045,417	45,244,397	2,126,968	2,454,811	-	64,871,593
Net book amount							
At 30 September 2018 (Reviewed)	243,000	5,010,495	7,314,654	181,329	36,947	-	12,786,425
At 31 December 2017 (Audited)	243,000	5,284,525	6,821,536	263,661	72,918	-	12,685,640

Capital work–in-progress mainly comprises of machinery and equipment that are being prepared for internal use.

5 Inventories

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Raw materials	3,237,014	2,655,202
Spare parts	2,574,577	2,475,235
Finished products	1,070,134	1,093,654
	6,881,725	6,224,091
Provision for obsolete, slow moving, and defective inventories	(1,967,228)	(246,511)
	4,914,497	5,977,580

6 Trade and other receivables

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Trade receivables	12,255,018	16,195,613
Provision for impairment of trade receivables	(8,467,133)	(5,394,439)
	3,787,885	10,801,174
Advances to suppliers	1,481,968	897,185
Provision for advances to suppliers	(748,473)	(202,904)
	4,521,380	11,495,455
Prepayments	1,028,799	283,782
Refundable deposits	836,332	782,332
Other receivables	58,768	-
	6,445,279	12,561,569

7 Related party balances and transactions

Related parties include the shareholders, Parent Company, Ultimate Parent Company, key management personnel, Directors and businesses including affiliates controlled directly or indirectly by the shareholders, Parent Company, Ultimate Parent Company and Directors or over which they exercise significant management influence.

7 Related party balances and transactions (continued)

(a) Related parties balances

		30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Due from related parties	**Relationship**		
Gulf Food Industries Company	Common control	838,961	781,389
Egyptian Canning Company - Americana	Common control	300,000	300,000
		1,138,961	1,081,389

		30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Due to related parties	**Relationship**		
Kuwait Food Company S.A.K (Americana) – Kuwait	Branch of Parent Company	59,955	43,814
Kuwait food Co. (Americana) - Main office	Common control	112,603	1,893
		172,558	45,707

(b) Related party transactions

During the period, the Company entered into the following transactions with related parties at mutually agreed prices:

	Relationship	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)
Gulf Food Industries Company	*Common control*		
Recharges of salaries and other benefits		199,477	492,747
Recharges of general and administrative expenses		197,904	264,756
Kuwait Food Company S.A.K. (Americana) -Kuwait	*Common control*		
Recharges of salaries and other benefits		52,846	-
Sale of goods		37,569	-
Kuwait food Co. (Americana) - Main Office	*Common control*		
Recharges of general and administrative expenses		110,710	-

7 Related party balances and transactions (continued)

(b) Related party transactions (continued)

	Relationship	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)
Egyptian Canning Company - Americana			
Sale of goods	*Common control*	-	300,000

(c) Key management personnel

Salaries and other short term employee benefits	52,846	414,000
End of service benefits	-	198,795
	52,846	612,795

8 Share capital

The Company's authorised share capital is AED 40 million comprising of 40 million shares with nominal value of AED 1 each as at 30 September 2018. The issued and fully paid up capital is AED 30 million comprising of 30 million shares with nominal value of AED 1 each (31 December 2017: 30 million shares with nominal value of AED 1 each). All shares are were paid in cash.

9 Statutory reserve

As required by the Company law of United Arab Emirates, 10% of the profit for the year is to be transferred to a statutory reserve up to 50% of the share capital.

The shareholders may resolve to discontinue such annual transfers as reserve equals one half of the share capital or in the event that loss was reported. This reserve is not available for distribution.

10 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 the voluntary reserve. The transfer may be stopped by a resolution adopted by the ordinary assembly of the Company as recommended by the Board of Directors. There are no restrictions on distribution from the voluntary reserve.

11 Loss per share

	Three-month period ended		Nine-month period ended	
	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)
Loss for the period	(2,897,984)	(787,451)	(9,443,884)	(1,081,743)
Weighted average number of ordinary shares for purposes of basic earnings	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted loss per share	(0.097)	(0.026)	(0.315)	(0.036)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. On 30 September 2018 and 30 September 2017, the Company did not have any such dilutive ordinary shares. Therefore, diluted losses per share equals the basic losses per share.

12 Trade and other payables and provisions

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Trade payables	2,470,977	2,380,063
Accruals	3,609,592	3,687,529
Provisions	439,810	441,926
Other payables	115,298	21,334
	6,635,677	6,530,852

13 Cost of sales

	Three-month period ended		Nine-month period ended	
	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)
Costs of goods sold	3,533,839	6,759,377	14,509,253	21,443,775
Staff costs	998,410	1,200,405	3,177,260	3,568,774
Depreciation	608,477	570,846	1,764,988	1,635,497
Ajman Government - Concession fee*	500,000	500,000	1,500,000	1,500,000
	5,640,726	9,030,628	20,951,501	28,148,046

13 Cost of sales (continued)

*In accordance with the letter dated 8 February 2013, received from the Rulers' Court of Ajman, Ajman Government agreed to receive a sum of AED 2,000,000 as an annual concession fee for the use of natural resources from a land contributed by the Government for a period of three years effective 1 January 2013 to 31 December 2015. The above concession fee agreement has been extended until 31 December 2018.

14 Other income

	Three-month period ended		Nine-month period ended	
	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)	30 September 2018 AED (Reviewed)	30 September 2017 AED (Reviewed)
Gain on disposal of property, plant and equipment	-	165,000	76	485,000
Others	77,005	73,060	91,934	253,570
	77,005	238,060	92,010	738,570

15 Financial instruments

The accounting policies for the financial instruments have been applied to the line items below:

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Financial assets		
Due from related parties (Note 7)	1,138,961	1,081,389
Trade and other receivables (excluding advances to suppliers, prepayments and refundable deposits) (Note 6)	3,846,653	10,598,270
Cash and cash equivalents	2,261,826	7,183,247
	7,247,440	18,862,906

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Financial liabilities		
Due to related parties (Note 7)	172,558	45,707
Trade and other payables and provisions (Note 12)	6,635,677	6,530,852
	6,808,235	6,576,559

16 Dividends

During the prior year, the Company declared and distributed a dividend of AED 0.047 per share amounting to AED 1,200,000. The Company has exhausted its retained earnings as a result of the dividends declared as of 31 December 2016. The ordinary general assembly of shareholders was held on 25 April 2017 who approved the financial statements for the year ended 31 December 2016 and unanimously declared the dividend to be paid.

17 Contingencies and commitments

	30 September 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Letter of guarantee	300,000	300,000

18 Segment information

In determining the Company's operating segment, management has primarily considered the financial information in the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. Management has concluded that the Company has a single operating segment, being the production and bottling of mineral water, juices, soft drinks, food stuff, preforms and screw caps in the United Arab Emirates.

19 Re-arrangement of comparatives

The comparative figures have been reclassified to align with the current period classifications. These reclassifications do not have any impact on the results for the nine-month period ended 30 September 2018 or the Company's net assets. The impact of these reclassifications is summarised in the table below:

	Nine months ended 30 September 2017		
	As previously stated AED	Reclassifications AED	As reclassified AED
Revenues	32,140,368	(1,848,748)	30,291,620
Cost of sales	(27,393,310)	(754,736)	(28,148,046)
General and administrative expenses	(2,485,918)	(3)	(2,485,921)
Selling and distribution expenses	(4,081,453)	2,603,487	(1,477,966)
Net statement of comprehensive income impact	(1,820,313)	-	(1,820,312)

20 Subsequent event

On 5 November 2018, the Parent Company sold its entire directly and indirectly owned shares to various individual investors, accordingly the Parent Company lost control of the Company as at the date thereof.