

**Emirates Refreshments (P.S.C.)**  
(formerly Jeema Mineral Water (P.S.C.))

**Condensed interim financial  
information**

*31 March 2011*

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Condensed interim financial information

31 March 2011

| <b><i>Contents</i></b>                                                            | <b><i>Page</i></b> |
|-----------------------------------------------------------------------------------|--------------------|
| Independent auditors' report on review of condensed interim financial information | 1                  |
| Condensed income statement                                                        | 2                  |
| Condensed statement of comprehensive income                                       | 3                  |
| Condensed statement of financial position                                         | 4                  |
| Condensed statement of cash flows                                                 | 5                  |
| Condensed statement of changes in equity                                          | 6                  |
| Notes to the condensed interim financial information                              | 7 - 14             |



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## **Independent auditors' report on review of condensed interim financial information**

The Shareholders  
Emirates Refreshments (P.S.C.)

### **Introduction**

We have reviewed the accompanying condensed statement of financial position of Emirates Refreshments (P.S.C.) (formerly Jeema Mineral Water (P.S.C.)) ("the Company") as at 31 March 2011, and the condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this condensed interim 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 Auditor of the Entity'*. A review of the interim 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 come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the three month period ended 31 March 2011 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Vijendranath Malhotra  
Registration No. 48B  
Dubai, United Arab Emirates  
Date:

08 MAY 2011

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Condensed income statement

for the three month period ended 31 March 2011

|                                          |      | Unaudited<br>Three month period ended<br>31 March |             |
|------------------------------------------|------|---------------------------------------------------|-------------|
|                                          | Note | 2011<br>AED                                       | 2010<br>AED |
| <b>Revenue</b>                           |      | <b>9,548,875</b>                                  | 12,633,124  |
| Cost of sales                            | 7    | (7,111,620)                                       | (8,010,656) |
| <b>Gross profit</b>                      |      | <b>2,437,255</b>                                  | 4,662,468   |
| Distribution expenses                    | 8    | (3,102,295)                                       | (6,194,196) |
| Administrative and general expenses      | 9    | (2,132,340)                                       | (2,655,472) |
| Profit on available for sale investments | 12   | 15,516,460                                        | 2,975,191   |
| Finance expense                          |      | (359,781)                                         | (295,110)   |
| Dividend income                          |      | 369,543                                           | -           |
| Other income                             |      | 479,990                                           | 9,570       |
| <b>Profit/(loss) for the period</b>      |      | <b>13,208,832</b>                                 | (1,537,549) |
| Earnings per share – basic               | 20   | <b>0.440</b>                                      | (0.051)     |

The notes set out on pages 7 to 14 are an integral part of the condensed interim financial information.

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Condensed statement of comprehensive income for the three month period ended 31 March 2011

|                                                                                                   | <b>Unaudited</b>                |                             |
|---------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------|
|                                                                                                   | <b>Three month period ended</b> |                             |
|                                                                                                   | <b>31 March</b>                 |                             |
|                                                                                                   | <b>2011</b>                     | <b>2010</b>                 |
|                                                                                                   | <b>AED</b>                      | <b>AED</b>                  |
| <b>Profit/(loss) for the period</b>                                                               | <b>13,208,832</b>               | <b>(1,537,549)</b>          |
|                                                                                                   | <u>                    </u>     | <u>                    </u> |
| <b>Other comprehensive income:</b>                                                                |                                 |                             |
| Net change in fair value of available for sale investments                                        | <b>837,215</b>                  | <b>3,003,716</b>            |
| Transfer of reserve on available for sale investments<br>sold during the period to profit or loss | <b>(15,300,000)</b>             | <b>(2,730,000)</b>          |
|                                                                                                   | <u>                    </u>     | <u>                    </u> |
| <b>Total other comprehensive income for the period</b>                                            | <b>(14,462,785)</b>             | <b>273,716</b>              |
|                                                                                                   | <u>                    </u>     | <u>                    </u> |
| <b>Total comprehensive income for the period</b>                                                  | <b>(1,253,953)</b>              | <b>(1,263,833)</b>          |
|                                                                                                   | <u>                    </u>     | <u>                    </u> |

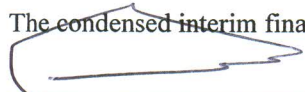
The notes set out on pages 7 to 14 are an integral part of the condensed interim financial information.

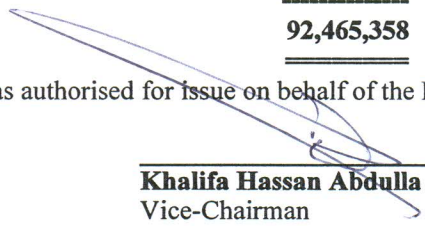


**Emirates Refreshments (P.S.C.)**  
(formerly Jeema Mineral Water (P.S.C.))  
**Condensed statement of financial position**  
*at 31 March 2011*

|                                                        |             | <b>31 March<br/>2011<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2010<br/>AED<br/>(Audited)</b> | <b>31 March<br/>2010<br/>AED<br/>(Unaudited)<br/>Restated*</b> |
|--------------------------------------------------------|-------------|--------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------|
| <b>ASSETS</b>                                          | <i>Note</i> |                                                  |                                                   |                                                                |
| <b>Non-current assets</b>                              |             |                                                  |                                                   |                                                                |
| Property, plant and equipment                          | 10          | 37,490,714                                       | 36,813,292                                        | 48,377,625                                                     |
| Investment property                                    | 11          | 4,293,800                                        | 4,293,800                                         | -                                                              |
| Available for sale investments                         | 12          | 9,490,048                                        | 27,182,833                                        | 31,480,709                                                     |
| Long-term prepayment                                   |             | 1,265,750                                        | 1,281,000                                         | 1,326,750                                                      |
| <b>Total non-current assets</b>                        |             | <b>52,540,312</b>                                | <b>69,570,925</b>                                 | <b>81,185,084</b>                                              |
| <b>Current assets</b>                                  |             |                                                  |                                                   |                                                                |
| Inventories                                            | 13          | 11,816,660                                       | 8,126,899                                         | 6,448,204                                                      |
| Trade and other receivables                            | 14          | 9,179,263                                        | 10,145,030                                        | 13,157,925                                                     |
| Due from a related party                               | 15          | 131,166                                          | 963,069                                           | -                                                              |
| Cash at bank and in hand                               | 16          | 18,797,957                                       | 179,276                                           | 1,796,628                                                      |
| Assets classified as held for sale                     | 17          | -                                                | 1,306,003                                         | -                                                              |
| <b>Total current assets</b>                            |             | <b>39,925,046</b>                                | <b>20,720,277</b>                                 | <b>21,402,757</b>                                              |
| <b>Total assets</b>                                    |             | <b>92,465,358</b>                                | <b>90,291,202</b>                                 | <b>102,587,841</b>                                             |
| <b>EQUITY</b>                                          |             |                                                  |                                                   |                                                                |
| Share capital                                          |             | 30,000,000                                       | 30,000,000                                        | 30,000,000                                                     |
| Statutory reserve                                      |             | 8,615,519                                        | 8,615,519                                         | 8,615,519                                                      |
| Obligatory reserve                                     |             | 1,500,000                                        | 1,500,000                                         | 1,500,000                                                      |
| Fair value reserve                                     |             | 2,261,209                                        | 16,723,994                                        | 20,851,140                                                     |
| Retained earnings/(accumulated losses)                 |             | 8,850,385                                        | (4,358,447)                                       | 6,860,390                                                      |
| <b>Total equity</b>                                    |             | <b>51,227,113</b>                                | <b>52,481,066</b>                                 | <b>67,827,049</b>                                              |
| <b>LIABILITIES</b>                                     |             |                                                  |                                                   |                                                                |
| <b>Non-current liabilities</b>                         |             |                                                  |                                                   |                                                                |
| Staff terminal benefits                                |             | 1,316,282                                        | 1,179,209                                         | 1,480,134                                                      |
| Bank loans – non current portion                       | 19          | 12,137,378                                       | 13,000,000                                        | 5,000,000                                                      |
| <b>Total non-current liabilities</b>                   |             | <b>13,453,660</b>                                | <b>14,179,209</b>                                 | <b>6,480,134</b>                                               |
| <b>Current liabilities</b>                             |             |                                                  |                                                   |                                                                |
| Trade and other payables                               | 18          | 19,847,892                                       | 20,334,386                                        | 9,470,251                                                      |
| Due to a related party                                 | 15          | -                                                | -                                                 | 1,860,819                                                      |
| Bank overdraft                                         |             | 4,686,693                                        | 46,541                                            | 2,646,751                                                      |
| Long-term payable to a related party – current portion | 15          | -                                                | -                                                 | 9,302,837                                                      |
| Current portion of long-term bank loans                | 19          | 3,250,000                                        | 3,250,000                                         | 5,000,000                                                      |
| <b>Total current liabilities</b>                       |             | <b>27,784,585</b>                                | <b>23,630,927</b>                                 | <b>28,280,658</b>                                              |
| <b>Total liabilities</b>                               |             | <b>41,238,245</b>                                | <b>37,810,136</b>                                 | <b>34,760,792</b>                                              |
| <b>Total equity and liabilities</b>                    |             | <b>92,465,358</b>                                | <b>90,291,202</b>                                 | <b>102,587,841</b>                                             |

The condensed interim financial information was authorised for issue on behalf of the Board of Directors on

  
**Ali Humaid Ali Al Owais**  
Chairman

  
**Khalifa Hassan Abdulla Al Daboos**  
Vice-Chairman

08 MAY 2011

The notes set out on pages 7 to 14 are an integral part of the condensed interim financial information.

\*Refer note 24

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Condensed statement of cash flows

for the three month period ended 31 March 2011

|                                                          | Unaudited<br>Three month period ended<br>31 March |                    |
|----------------------------------------------------------|---------------------------------------------------|--------------------|
|                                                          | 2011<br>AED                                       | 2010<br>AED        |
| <b>Operating activities</b>                              |                                                   |                    |
| Profit/(loss) for the period                             | 13,208,832                                        | (1,537,549)        |
| <i>Adjustments for:</i>                                  |                                                   |                    |
| Depreciation                                             | 1,211,475                                         | 1,699,242          |
| Loss on disposal of property, plant and equipment        | -                                                 | 211,098            |
| Gain on disposal of assets held for sale                 | (263,997)                                         | -                  |
| Amortisation of long-term prepayment                     | 15,250                                            | 15,250             |
| Provision for staff terminal benefits                    | 284,272                                           | 91,900             |
| Profit on available for sale investments                 | (15,516,460)                                      | (2,975,191)        |
|                                                          | <u>(1,060,628)</u>                                | <u>(2,495,250)</u> |
| Change in inventories                                    | (3,689,761)                                       | 1,338,399          |
| Change in trade and other receivables                    | 965,767                                           | 6,277,303          |
| Change in due from a related party                       | 831,903                                           | -                  |
| Change in trade and other payables                       | 1,013,506                                         | (1,802,996)        |
| Change in due to a related party                         | -                                                 | 467,984            |
| Staff terminal benefits paid                             | (147,199)                                         | (25,557)           |
|                                                          | <u>(2,086,412)</u>                                | <u>3,759,883</u>   |
| <i>Net cash (used in)/from operating activities</i>      |                                                   |                    |
|                                                          | <u>(2,086,412)</u>                                | <u>3,759,883</u>   |
| <b>Investing activities</b>                              |                                                   |                    |
| Purchase of property, plant and equipment                | (1,888,897)                                       | (3,065,867)        |
| Proceeds from disposal of property, plant and equipment  | -                                                 | 231,000            |
| Proceeds from sale of assets held for sale               | 70,000                                            | -                  |
| Proceeds from sale of available for sale investments     | 18,746,460                                        | 3,545,191          |
|                                                          | <u>16,927,563</u>                                 | <u>710,324</u>     |
| <i>Net cash from investing activities</i>                |                                                   |                    |
|                                                          | <u>16,927,563</u>                                 | <u>710,324</u>     |
| <b>Financing activities</b>                              |                                                   |                    |
| Repayment of long term payable to a related party        | -                                                 | (1,213,981)        |
| Repayment of bank loans                                  | (862,622)                                         | -                  |
|                                                          | <u>(862,622)</u>                                  | <u>(1,213,981)</u> |
| <i>Net cash used in financing activities</i>             |                                                   |                    |
|                                                          | <u>(862,622)</u>                                  | <u>(1,213,981)</u> |
| <b>Net increase in cash and cash equivalents</b>         | <b>13,978,529</b>                                 | <b>3,256,226</b>   |
| Cash and cash equivalents at the beginning of the period | 132,735                                           | (4,106,349)        |
| Cash and cash equivalents at the end of the period       | <u>14,111,264</u>                                 | <u>(850,123)</u>   |
| <i>Cash and cash equivalents comprise:</i>               |                                                   |                    |
| Cash at bank and in hand                                 | 18,797,957                                        | 1,796,628          |
| Bank overdraft                                           | (4,686,693)                                       | (2,646,751)        |
|                                                          | <u>14,111,264</u>                                 | <u>(850,123)</u>   |

The notes set out on pages 7 to 14 are an integral part of the condensed consolidated interim financial information.



# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Condensed statement of changes in equity for the three month period ended 31 March 2011

|                                                                                                | Share<br>capital<br>AED | Statutory<br>reserve<br>AED | Obligatory<br>reserve<br>AED | Fair value<br>reserve<br>AED | Retained<br>earnings/<br>(accumulated<br>losses)<br>AED | Total<br>AED |
|------------------------------------------------------------------------------------------------|-------------------------|-----------------------------|------------------------------|------------------------------|---------------------------------------------------------|--------------|
| <b>At 1 January 2010 – as previously stated</b>                                                | 30,000,000              | 8,615,519                   | 1,500,000                    | 16,643,866                   | 15,578,685                                              | 72,338,070   |
| Effect of prior period adjustments (refer note 24)                                             | -                       | -                           | -                            | 3,933,558                    | (7,180,746)                                             | (3,247,188)  |
| <b>At 1 January 2010 – restated</b>                                                            | 30,000,000              | 8,615,519                   | 1,500,000                    | 20,577,424                   | 8,397,939                                               | 69,090,882   |
| <b>Total comprehensive income for the period</b>                                               | -                       | -                           | -                            | -                            | (1,537,549)                                             | (1,537,549)  |
| Loss for the period                                                                            | -                       | -                           | -                            | -                            | -                                                       | -            |
| <b>Other comprehensive income</b>                                                              | -                       | -                           | -                            | 3,003,716                    | -                                                       | 3,003,716    |
| Net change in fair value of available for sale investments                                     | -                       | -                           | -                            | -                            | -                                                       | -            |
| Transfer to profit or loss of reserve on available for sale investments sold during the period | -                       | -                           | -                            | (2,730,000)                  | -                                                       | (2,730,000)  |
| Total other comprehensive income                                                               | -                       | -                           | -                            | 273,716                      | -                                                       | 273,716      |
| <b>Total comprehensive income for the period</b>                                               | -                       | -                           | -                            | 273,716                      | (1,537,549)                                             | (1,263,833)  |
| <b>At 31 March 2010 (unaudited) – restated</b>                                                 | 30,000,000              | 8,615,519                   | 1,500,000                    | 20,851,140                   | 6,860,390                                               | 67,827,049   |
| <b>At 1 January 2011 (audited)</b>                                                             | 30,000,000              | 8,615,519                   | 1,500,000                    | 16,723,994                   | (4,358,447)                                             | 52,481,066   |
| <b>Total comprehensive income for the period</b>                                               | -                       | -                           | -                            | -                            | 13,208,832                                              | 13,208,832   |
| Profit for the period                                                                          | -                       | -                           | -                            | -                            | -                                                       | -            |
| <b>Other comprehensive income</b>                                                              | -                       | -                           | -                            | 837,215                      | -                                                       | 837,215      |
| Net change in fair value of available for sale investments                                     | -                       | -                           | -                            | -                            | -                                                       | -            |
| Transfer to profit or loss of reserve on available for sale investments sold during the period | -                       | -                           | -                            | (15,300,000)                 | -                                                       | (15,300,000) |
| Total other comprehensive income                                                               | -                       | -                           | -                            | (14,462,785)                 | -                                                       | (14,462,785) |
| <b>Total comprehensive income for the period</b>                                               | -                       | -                           | -                            | (14,462,785)                 | 13,208,832                                              | (1,253,953)  |
| <b>At 31 March 2011 (unaudited)</b>                                                            | 30,000,000              | 8,615,519                   | 1,500,000                    | 2,261,209                    | 8,850,385                                               | 51,227,113   |

No allocation of profit has been made to statutory reserve for the three month period ended 31 March 2011 as it would be effected at year end.

The notes set out on pages 7 to 14 are an integral part of the condensed interim financial information.



# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Notes to the condensed interim financial information

for the three month period ended 31 March 2011

### 1. Reporting entity

Emirates Refreshments (P.S.C.) (formerly Jeema Mineral Water (P.S.C.)) ("the Company") is a Public Shareholding Company, incorporated in Dubai, United Arab Emirates under a decree issued by His Highness, The Ruler of Dubai. The Company is listed on the Dubai Financial Market.

The principal activity of the Company is bottling and selling mineral water as well as manufacturing plastic bottles and containers. The Company has two plants, each located in Dibba and Hatta, UAE. The Company mainly markets, distributes and sells its products across the UAE.

The registered address of the Company is P O Box 5567, Dubai, UAE.

### 2. Statement of compliance

The condensed interim financial information has been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2010.

### 3. Accounting standards and interpretations effective in the current period

Effective 1 January 2011, the Company has adopted revised IAS 24 *Related Party Disclosures* in preparing the condensed interim financial information. The revisions in IAS 24 provide an exemption from disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ('state controlled entities') and amends the definition of a related party transaction to clarify the intended meaning and remove some inconsistencies. The application of the amended standard has not caused any significant change in the condensed interim financial information relating to identification and disclosure of related party relationships and transactions.

### 4. Significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2010. Certain comparative amounts have been reclassified to conform to the current period's presentation.

### 5. Accounting estimates and judgements

The preparation of condensed interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the financial statements of the Company as at and for the year ended 31 December 2010.

### 6. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2010.

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

Notes to the condensed interim financial information *(continued)*  
for the three month period ended 31 March 2011

## 7. Cost of sales

|                        | Unaudited<br>Three month period ended<br>31 March |                   |
|------------------------|---------------------------------------------------|-------------------|
|                        | 2011                                              | 2010              |
|                        | AED                                               | AED               |
| <i>These include:</i>  |                                                   |                   |
| Raw materials consumed | 3,547,561                                         | 4,080,396         |
| Staff costs            | 1,199,427                                         | 924,680           |
| Depreciation           | 1,032,554                                         | 1,313,908         |
|                        | <u>          </u>                                 | <u>          </u> |

## 8. Distribution expenses

|                                                    | Unaudited<br>Three month period ended<br>31 March |                   |
|----------------------------------------------------|---------------------------------------------------|-------------------|
|                                                    | 2011                                              | 2010              |
|                                                    | AED                                               | AED               |
| <i>These include:</i>                              |                                                   |                   |
| Staff costs                                        | 1,178,028                                         | 1,882,114         |
| Advertisement and marketing expenses               | 17,044                                            | 1,078,026         |
| Depreciation                                       | 125,955                                           | 322,836           |
| Provision for slow moving and obsolete inventories | 5,936                                             | 596,520           |
|                                                    | <u>          </u>                                 | <u>          </u> |

## 9. Administrative and general expenses

|                                                   | Unaudited<br>Three month period ended<br>31 March |                   |
|---------------------------------------------------|---------------------------------------------------|-------------------|
|                                                   | 2011                                              | 2010              |
|                                                   | AED                                               | AED               |
| <i>These include:</i>                             |                                                   |                   |
| Staff costs                                       | 1,335,556                                         | 476,510           |
| Depreciation                                      | 52,966                                            | 62,498            |
| Loss on disposal of property, plant and equipment | -                                                 | 211,098           |
| Impairment loss on trade receivables              | 65,000                                            | 1,650,428         |
|                                                   | <u>          </u>                                 | <u>          </u> |

## 10. Property, plant and equipment

*Additions and disposals (unaudited)*

During the three month period ended 31 March 2011, the Company acquired assets amounting to AED 0.28 million (*three month period ended 31 March 2010: AED 0.94 million*) and incurred AED 1.61 million on capital work in progress (*three month period ended 31 March 2010: AED 2.13 million*). The Company has written off of assets with net book value of AED 0.60 million (*three month period ended 31 March 2010: AED 0.44 million*).



# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

Notes to the condensed interim financial information *(continued)*  
for the three month period ended 31 March 2011

## 11. Investment property

Investment property comprises a land which is held for undetermined use. The Company measures investment property using the cost model. During the year ended 31 December 2010, an impairment loss of AED 2.75 million was recorded in respect of this land. Management is of the view that no adjustment is required to the carrying value of the land in the current period.

## 12. Available for sale investments

|                            | <b>31 March<br/>2011<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2010<br/>AED<br/>(Audited)</b> | <b>31 March<br/>2010<br/>AED<br/>(Unaudited)</b> |
|----------------------------|--------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
| Opening balance            | <b>27,182,833</b>                                | 31,776,993                                        | 31,776,993                                       |
| Change in fair value       | <b>837,215</b>                                   | (878,239)                                         | 3,003,716                                        |
| Impairment loss recognised | -                                                | (170,730)                                         | -                                                |
| Sale of investments        | <b>(18,530,000)</b>                              | (3,545,191)                                       | (3,300,000)                                      |
|                            | <b><u>9,490,048</u></b>                          | <u>27,182,883</u>                                 | <u>31,480,709</u>                                |

All the investments in available for sale financial assets are held in equity securities listed on recognised stock exchanges.

During the current period, the Company sold certain investments in securities with original cost of AED 3,230,000 (2010: AED 570,000) for a consideration of AED 18,746,460 (2010: AED 3,545,191) resulting in a gain of AED 15,516,460 (2010: AED 2,975,191) which is recorded in profit or loss.

## 13. Inventories

|                                             | <b>31 March<br/>2011<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2010<br/>AED<br/>(Audited)</b> | <b>31 March<br/>2010<br/>AED<br/>(Unaudited)<br/>Restated*</b> |
|---------------------------------------------|--------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------|
| Raw materials                               | <b>5,987,383</b>                                 | 4,079,632                                         | 3,364,133                                                      |
| Finished goods                              | <b>2,450,732</b>                                 | 951,398                                           | 666,580                                                        |
| Spare parts                                 | <b>3,655,964</b>                                 | 3,470,909                                         | 2,712,150                                                      |
| Others                                      | <b>527,987</b>                                   | 562,322                                           | 448,661                                                        |
|                                             | <b><u>12,622,066</u></b>                         | <u>9,064,261</u>                                  | <u>7,191,524</u>                                               |
| Less: Provision for slow moving inventories | <b>(805,406)</b>                                 | (937,362)                                         | (743,320)                                                      |
|                                             | <b><u>11,816,660</u></b>                         | <u>8,126,899</u>                                  | <u>6,448,204</u>                                               |

\*Refer note 24

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

Notes to the condensed interim financial information *(continued)*  
for the three month period ended 31 March 2011

## 14. Trade and other receivables

|                                    | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited)<br>Restated* |
|------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------|
| Trade receivables                  | 8,210,415                              | 9,224,133                               | 12,498,669                                          |
| Less: Provision for doubtful debts | (3,280,000)                            | (3,215,000)                             | (2,942,474)                                         |
|                                    | <u>4,930,415</u>                       | <u>6,009,133</u>                        | <u>9,556,195</u>                                    |
| Prepayments                        | 2,818,285                              | 2,826,328                               | 2,118,825                                           |
| Advances to suppliers              | -                                      | 43,088                                  | 871,048                                             |
| Other receivables                  | 1,430,563                              | 1,266,481                               | 611,857                                             |
|                                    | <u>9,179,263</u>                       | <u>10,145,030</u>                       | <u>13,157,925</u>                                   |

\*Refer note 24

## 15. Related party transactions and balances

Significant related party transactions were as follows:

|                                                                | Unaudited<br>Three month period ended<br>31 March |                |
|----------------------------------------------------------------|---------------------------------------------------|----------------|
|                                                                | 2011<br>AED                                       | 2010<br>AED    |
| Sales                                                          | 1,074,348                                         | 1,213,981      |
| Payment of expenses on behalf of the Company                   | <u>110,215</u>                                    | <u>467,984</u> |
| <b>Compensation to key management personnel is as follows:</b> |                                                   |                |
| - Short term benefits                                          | 170,016                                           | 176,100        |
| - Provision towards staff terminal benefits                    | <u>25,896</u>                                     | <u>25,550</u>  |

In 2009, the Company has entered into a co-packing agreement ("the Agreement") with Dubai Refreshments PSC, a related party, to act as a bottler and co-packer of water. As per the terms of the Agreement, the parties have undertaken to sell/purchase a minimum quantity of the beverage at a mutually agreed price.

|                                 | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited) |
|---------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|
| <b>Due from a related party</b> |                                        |                                         |                                        |
| Dubai Refreshments (PSC)        | <u>131,166</u>                         | <u>963,069</u>                          | <u>-</u>                               |
| <b>Due to a related party</b>   |                                        |                                         |                                        |
| Dubai Refreshments (PSC)        | <u>-</u>                               | <u>-</u>                                | <u>1,860,819</u>                       |



# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Notes to the condensed interim financial information (continued)

for the three month period ended 31 March 2011

### 15. Related party transactions and balances (continued)

|                                                                         | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited) |
|-------------------------------------------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|
| <b>Long term payable to a related party</b>                             |                                        |                                         |                                        |
| Purchase of property, plant and equipment from Dubai Refreshments (PSC) | 26,500,000                             | 26,500,000                              | 26,500,000                             |
| Less: Cumulative repayments                                             | (26,500,000)                           | (26,500,000)                            | (17,197,163)                           |
|                                                                         | -----                                  | -----                                   | -----                                  |
|                                                                         | -                                      | -                                       | 9,302,837                              |
| Less: Current portion                                                   | -                                      | -                                       | (9,302,837)                            |
|                                                                         | -----                                  | -----                                   | -----                                  |
| Long-term portion                                                       | -                                      | -                                       | -                                      |
|                                                                         | =====                                  | =====                                   | =====                                  |

The details of the long term payable to the related party including the terms of repayment are mentioned in the financial statements of the Company as at and for the year ended 31 December 2010.

### 16. Cash at bank and in hand

|              | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited) |
|--------------|----------------------------------------|-----------------------------------------|----------------------------------------|
| Cash in hand | 73,997                                 | 58,258                                  | 46,295                                 |
| Cash at bank | 18,723,961                             | 121,018                                 | 1,750,333                              |
|              | -----                                  | -----                                   | -----                                  |
|              | 18,797,958                             | 179,276                                 | 1,796,628                              |
|              | =====                                  | =====                                   | =====                                  |

### 17. Assets classified as held for sale

As per the agreement for sale of vehicles, the assets were sold in the current period for a consideration of AED 1.57 million. The legal formalities for the transfer of vehicles in the name of the buyer have been completed and a gain of AED 263,997 has been recorded during the current period under 'other income'.

### 18. Trade and other payables

|                                     | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited)<br>Restated* |
|-------------------------------------|----------------------------------------|-----------------------------------------|-----------------------------------------------------|
| Trade payables                      | 12,673,594                             | 11,054,922                              | 7,217,233                                           |
| Accrued expenses and other payables | 7,174,298                              | 9,279,464                               | 2,253,018                                           |
|                                     | -----                                  | -----                                   | -----                                               |
|                                     | 19,847,892                             | 20,334,386                              | 9,470,251                                           |
|                                     | =====                                  | =====                                   | =====                                               |

\*Refer note 24

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Notes to the condensed interim financial information *(continued)*

for the three month period ended 31 March 2011

### 19. Bank loans

|                                     | 31 March<br>2011<br>AED<br>(Unaudited) | 31 December<br>2010<br>AED<br>(Audited) | 31 March<br>2010<br>AED<br>(Unaudited) |
|-------------------------------------|----------------------------------------|-----------------------------------------|----------------------------------------|
| Term loans from bank                | 15,387,378                             | 16,250,000                              | 10,000,000                             |
| Less: Current portion of bank loans | (3,250,000)                            | (3,250,000)                             | (5,000,000)                            |
|                                     | <u>12,137,378</u>                      | <u>13,000,000</u>                       | <u>5,000,000</u>                       |
| Long term portion of bank loans     |                                        |                                         |                                        |

The details of the bank loans including the terms of repayment, interest rate and security provided are mentioned in the financial statements of the Company as at and for the year ended 31 December 2010. As per the revised facility arrangement with a creditor bank, the receivables from Dubai Refreshment Company under the Co-Packing Agreement are no longer assigned to the creditor bank.

### 20. Earnings per share

|                                               | Unaudited<br>Three month period ended<br>31 March<br>2011 | 2010        |
|-----------------------------------------------|-----------------------------------------------------------|-------------|
| Profit/(loss) for the period (AED)            | 13,208,832                                                | (1,537,549) |
| Weighted average number of shares outstanding | 30,000,000                                                | 30,000,000  |
| Earnings per share in AED                     | 0.440                                                     | (0.051)     |

### 21. Operating lease commitments

The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

|                                             | 31 March<br>2011<br>AED<br>Unaudited | 31 December<br>2010<br>AED<br>Audited |
|---------------------------------------------|--------------------------------------|---------------------------------------|
| Less than 1 year                            | 2,088,665                            | 2,088,665                             |
| Later than 1 year and no later than 5 years | 3,628,734                            | 3,628,734                             |
| Later than 5 years                          | 4,032,753                            | 4,554,919                             |
|                                             | <u>9,750,152</u>                     | <u>10,272,318</u>                     |

# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

Notes to the condensed interim financial information (*continued*)  
for the three month period ended 31 March 2011

## 22. Contingent liabilities and commitments

|                       | 31 March<br>2011<br>AED<br>Unaudited | 31 December<br>2010<br>AED<br>Audited |
|-----------------------|--------------------------------------|---------------------------------------|
| Letters of guarantees | 1,016,590                            | 1,016,590                             |
| Capital commitments   | 541,672                              | 1,437,531                             |

At 31 December 2010, the Company was a defendant in respect of various legal cases filed against it in the UAE and Oman by its former agent in Oman, the details of which are contained in note 29 of the financial statements for the year ended 31 December 2010. Other than the following cases where hearings have been adjourned to subsequent dates, the remaining cases have been dismissed by the Courts of First Instance and are subject to appeal. Accordingly, the following cases remain open as at 31 March 2011:

- (i) Claim of AED 9 million for compensation from the Company for filling water of a brand which was owned by the for agent, without their permission.
- (ii) Claim of AED 0.46 million for payment of the former agent's sums due for providing transport services between UAE and Oman.

Management is of the view that there will be no significant financial implications of this litigation.

## 23. Segment reporting

The Company operates in a single reporting segment of bottling, distribution and trading of mineral water. All the relevant information relating to this reporting/operating segment is disclosed in the condensed interim statement of financial position, condensed interim income statement and notes to the condensed interim financial information.

Additional information required by IFRS 8, *Segment Reporting*, is disclosed below:

### a) Information about geographical segments

During the quarter ended 31 March 2011, revenue from customers located in the Company's country of domicile (UAE) is AED 8.6 million (*quarter ended 31 March 2010: AED 10.4 million*) and revenue from customers outside the UAE (foreign customers) is AED 0.9 million (*quarter ended 31 March 2010: AED 2.2 million*).

### b) Major customers

During the period ended 31 March 2011 and the previous period, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.

## 24. Restatement of comparative information

The corresponding figures included in the financial statements of the Company for the year ended 31 December 2010 were restated based on certain prior period errors identified in 2010. Accordingly, the statement of financial position at 31 March 2011 has also been restated to the extent of these adjustments. The details of the prior period errors and the associated adjustments are disclosed under note 5 in the financial statements of the Company for the year ended 31 December 2010.



# Emirates Refreshments (P.S.C.)

(formerly Jeema Mineral Water (P.S.C.))

## Notes to the condensed interim financial information *(continued)*

*for the three month period ended 31 March 2011*

### **24. Restatement of comparative information** *(continued)*

The effect of the restatements on the condensed interim financial information of the corresponding period is as follows:

#### **Statement of financial position**

|                                | <b>31 March<br/>2010<br/>AED</b> |
|--------------------------------|----------------------------------|
| Increase in fair value reserve | <b>3,933,558</b>                 |
| Decrease in inventories        | <b>1,507,366</b>                 |
| Decrease in prepayments        | <b>1,002,034</b>                 |
| Increase in trade payables     | <b>737,788</b>                   |
|                                | <hr/>                            |
| Decrease in retained earnings  | <b>7,180,746</b>                 |
|                                | <hr/>                            |

The statement of financial position as at the beginning of the earliest restated comparative period, i.e. as at 1 January 2009, has not been disclosed in the financial statements as, in the view of management, the restatement does not have a material impact on the statement of financial position as at that date.

Furthermore, certain comparative information has been reclassified, wherever necessary, to conform to the presentation adopted in the current period.