GULFA MINERALWATER
&
PROCESSING INDUSTRIES CO. (PLC)
AJMAN -U.A.E.

INDEPENDENT AUDITOR'S REVIEW REPORT
AND INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM
JANUARY 1, 2008 TO JUNE 30, 2008

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INDEPENDENT AUDITOR'S REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2008 TO JUNE 30, 2008

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MAZARS CHARTERED ACCOUNTANTS

Independent Auditor's Review Report

To the Shareholders of
Gulfa Mineral Water & Processing Industries Co. (PLC)
Ajman,
United Arab Emirates

We have reviewed the accompanying interim balance sheet of **Gulfa Mineral Water & Processing Industries Co. (PLC) - Public Shareholding Company** (registered in Ajman) **(the "Company")** as of June 30, 2008 and the related interim statements of income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements. Our responsibility is to issue a report on these interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of **Gulfa Mineral Water & Processing Industries Co. (PLC)** are not presented fairly, in all material respects the financial position of the Company as at June 30, 2008, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

We draw attention to note 8 to the financial statements. The company has incurred expenses amounting to AED 7,831,000 which were recharged to related parties during the period, representing their share in setting up a new distribution division.

MAZARS
Chartered Accountants

Ajman, July 27, 2008

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GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM BALANCE SHEET
AS AT JUNE 30,2008

	Note	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
ASSETS			
CURRENT ASSETS			
Cash on hand and at banks	[2.c] & [4]	697,843	5,054,559
Trade receivable	[2.e] & [5]	10,505,482	8,634,265
Inventories	[2.f] & [6]	6,402,382	7,496,490
Other current assets	[7]	2,611,549	3,370,768
Due from related parties	[8]	5,376,010	1,934,638
		25,593,266	**26,490,720**
Assets classified as held for sale	[9]	2,313,204	---
Total Current Assets		**27,906,470**	**26,490,720**
NON-CURRENT ASSETS			
Property, plant, vehicles and equipment	[2.g] & [10]	26,634,175	24,699,067
TOTAL ASSETS		**54,540,645**	**51,189,787**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank borrowings	[11]	1,000,418	---
Bank loan - current	[12]	1,000,000	1,000,000
Trade payable		8,042,850	8,472,766
Other payables and provisions		3,855,146	2,650,446
Dividends payable		178,235	178,574
Due to related parties	[8]	1,387,970	1,197,636
Ajman government provision (concession fee)	[13]	337,500	1,012,500
Total Current Liabilities		**15,802,119**	**14,511,922**
NON-CURRENT LIABILITIES			
Bank Loan	[11]	9,000,000	9,000,000
Provision for employees' end of service indemnity	[2.i] & [14]	3,494,661	3,254,406
TOTAL LIABILITIES		**28,296,780**	**26,766,328**
SHAREHOLDERS' EQUITY			
Authorized and fully paid share capital	[15]	25,000,000	25,000,000
Statutory reserve	[2.j]	3,153,089	2,971,048
Voluntary reserve	[2.k]	767,937	767,937
Accumulated losses		(2,677,161)	(4,315,526)
Net shareholders' equity		**26,243,865**	**24,423,459**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**54,540,645**	**51,189,787**

We approve these interim financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgments underlying them. We also confirm that we have made available all relevant accounting records and information for their compilation.

These interim financial statements were approved by the Management on July 27, 2008 and signed on its behalf by:

Mr. Ziad Abdel Rahim
Deputy Managing Director

Mr. Khalid Omar
Deputy General Manager

The review report of the Independent Auditor is set out on page 1
The notes on pages 6 to 16 form part of these financial statements.

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM INCOME STATEMENT
FOR THE SIX MONTHS PERIOD ENDED JUNE 30,2008

	Note	Period from January 1, 2008 To June 30, 2008 AED (Reviewed)	Period from January 1, 2007 To June 30, 2007 AED (Reviewed)
Sales		19,943,695	19,302,675
Less: Sales discounts		(1,311,207)	(1,250,317)
Sales - net	[2.e]	18,632,488	18,052,358
Cost of sales		(13,128,423)	(14,227,262)
Gross Operating Profit		**5,504,065**	**3,825,096**
Other income	[16]	311,213	875,569
Gross Profit		**5,815,278**	**4,700,665**
General and administrative expenses		(2,775,757)	(2,056,010)
Selling, marketing and advertising expenses		(490,619)	(590,391)
Finance costs		(390,996)	(62,186)
Concession fees for Ajman Government	[13]	(337,500)	(337,500)
Profit for the period	[17]	**1,820,406**	**1,654,578**
Earning per share		**0.07**	**0.07**

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GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1, 2008 TO JUNE 30, 2008

	Authorized and Fully Paid Share Capital AED	Statutory Reserve AED	Voluntary Reserve AED	Accumulated Losses AED	Total AED
Balance at January 1, 2007-(audited)	23,040,476	2,741,036	767,937	(6,385,634)	20,163,815
Capital subscribed during the period	1,959,524	---	---	---	1,959,524
Net profit for the period	---	---	---	1,654,578	1,654,578
Transfer to statutory reserve	---	165,458	---	(165,458)	---
Balance as at June 30, 2007-(reviewed)	**25,000,000**	**2,906,494**	**767,937**	**(4,896,514)**	**23,777,917**
Balance as at January 1, 2008 **(audited)**	25,000,000	2,971,048	767,937	(4,315,526)	24,423,459
Net profit during the period	---	---	---	1,820,406	1,820,406
Transfer to statutory reserve	---	182,041	---	(182,041)	---
Balance as at June 30, 2008-(reviewed)	**25,000,000**	**3,153,089**	**767,937**	**(2,677,161)**	**26,243,865**

The review report of the Independent Auditor is set out on page 1
The notes on pages 6 to 16 form part of these financial statements.

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INETRIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2008 TO JUNE 30, 2008

	Note	Period from January 1, 2008 To June 30, 2008 AED (Reviewed)	Period from January 1, 2007 To June 30, 2007 AED (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,820,406	1,654,578
Adjustments for:			
Depreciation		1,334,867	982,989
Profit on sale of vehicles		-	(25,000)
Provision for employees' end of service indemnity		297,172	459,960
OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		**3,452,445**	**3,072,527**
(Increase) in trade receivable		(1,871,217)	(1,916,905)
Decrease / (increase) in inventories		1,094,108	(83,305)
Decrease / (increase) in other current assets		759,219	(7,982,066)
(Increase) in due from related parties		(3,441,372)	(1,616,287)
(Decrease) / increase in trade payable		(429,916)	1,707,661
Increase in other payables and provision		732,200	337,100
Increase / (decrease) in due to related parties		190,334	(1,181,095)
CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		**485,801**	**(7,662,370)**
Payment to Ajman Government - concession fee		(202,500)	---
Payments made on employees' end of service indemnity		(56,917)	(36,540)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES		**226,384**	**(7,698,910)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, plant, vehicles and Equipment		(5,583,179)	(5,937,351)
Proceeds from sale of vehicles		-	25,000
NET CASH (USED IN) INVESTING ACTIVITIES		**(5,583,179)**	**(5,912,351)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from bank loan		-	3,000,000
Dividend paid		(339)	(7,485)
Proceed from the issuance of share capital		-	1,959,524
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES		**(339)**	**4,952,039**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(5,357,134)	(8,659,222)
CASH AND CASH EQUIVALENTS	[2.c]		
At the beginning of the period		5,054,559	10,846,968
At the end of the period		**(302,575)**	**2,187,746**
Cash and cash equivalent reconciliation:			
Cash on hand and at banks	[4]	697,843	2,187,746
Less: Bank overdraft	[11]	(1,000,418)	-
		(302,575)	**2,187,746**

The review report of the Independent Auditor is set out on page 1
The notes on pages 6 to 16 form part of these financial statements.

1. Status and Principal Activities:

1.1. Gulfa Mineral Water & Processing Industries Co. (PLC) – is a Public Shareholding Company - **(the "Company")** 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 are production and bottling of mineral water, juices, soft drinks, food stuff, in addition to marketing the products of such plants.

2. Significant Accounting Policies:

a. Statement of compliance

The interim financial statements have been prepared in accordance with International Financial Reporting Standards. These financial statements are presented in Arab Emirates Dirham (AED) since that is the currency of the country in which **the Company** is domiciled.

b. Basis of preparation

The interim financial statements have been prepared on the historical cost basis. The principal accounting policies which are set out below are consistent with these followed in the preparation of the reviewed financial statements.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, banks' current accounts, call and short term deposits, free of encumbrance, with a maturity date of three months or less from the date of deposit.

d. Foreign currencies

Transactions in foreign currencies are translated into Arab Emirates Dirham at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Arab Emirates Dirham at the rate of exchange prevailing at that date. Gains or losses resulting from foreign currency transactions are included in the statement of income

e. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

f. Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- **The Company** has transferred to the buyer the significant risks and rewards of ownership of the goods.
- **The Company** retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefit associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

g. Inventories

- The inventory of finished products of bottled water is valued at the lower of production cost and the net realizable value. Net realizable value presents the estimated selling price of inventories less all estimated cost of completion and costs necessary to make the sale.
- The raw materials and spare parts are valued at the weighted average cost.

h. Property, plant, equipment and depreciation

Property, plant, vehicles and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on straight line basis to write off the cost of the Property, plant, vehicles and equipment over their estimated useful lives. During the year 2005, **the Company** has increased the expected useful life for both buildings and motor vehicles from 10 to 20 years and 3 to 4 years respectively. The estimated useful lives are as follows:

	Estimated Useful Lives
Buildings	20 years
Machinery and equipments	5 - 7 years
Furniture, fixtures and others	4 - 5 years
Motor vehicles *	4 - 5 years

* Effective January 1, 2007, **the Company** has changed the estimated useful life of its motor vehicle from four to five years. The new useful life will be applied on the acquisitions made after January 1, 2007.

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i. ***Provisions***

Provisions are established when **the Company** has a present obligation (legal or constructive) as a result of a past event, it is probable that **the Company** will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

j. ***Employees' end of service indemnity***

Provision is made for employees' end of service indemnity in accordance with the UAE Labor Law (as amended) for the accumulated period of service as at the balance sheet date.

k. ***Statutory reserve***

The statutory reserve is established in accordance with the Commercial Companies Law (as amended) which requires providing 10 % of the net annual distributable profit as statutory reserve which is non-distributable. Transfers to this reserve are required to be made until such time it equals at least 50% of the paid share capital of the Company.

l. ***Voluntary reserve***

In accordance with **the Company's** Articles of Association, the Board of Directors has the discretion to determine the percentage of the net annual distributable income that will be provided as voluntary reserve. For the period January 1, 2008 to June 30, 2008, no such provision has been considered.

m. ***Impairment of assets***

At each balance sheet date, **the Company** reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, **the Company** estimates the recoverable amount of the cash-generating unit to which the asset belongs.

n. ***Financial instruments***

Financial instruments comprise financial assets and financial liabilities. A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

7. Other current assets:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Advances to suppliers	499,036	872,113
Financial assets – margin	---	574,917
Prepayments and other debit balances	1,458,425	1,258,938
Deposits	654,088	664,800
	2,611,549	**3,370,768**

8. Related Party Transactions:

Trading transactions

The Company in the ordinary course of business enters into transactions with associated companies which fall within the definition of "related parties" as defined in International Financial Reporting Standard 24. Management believes that the terms of such transactions are not materially different from those which could have been obtained from unrelated parties.

(8.a) *Related party transactions*

During the period the Company entered into the following transactions with related parties:

	January 1, 2008 To June 30, 2008 AED (Reviewed)	January 1, 2007 To June 30, 2007 AED (Reviewed)
Sales	305,364	3,514,870
Price protection remunerated by the Parent Company	---	514,055
Selling, marketing and distribution expenses charged to the Parent Company *	---	3,657,438
Selling and marketing distribution expenses charged to other related party *	7,831,000	998,445

* Total expenses incurred and recharged to related parties during the period was AED 7,831,000 (2007: 4,655,883), which is representing their share in setting up a new distribution division.

3. **Seasonality of operations :**

Due to the seasonal nature of **the Company's** main activities, higher revenue and operating profits are usual expected during second and third quarter of the year.

4. **Cash on hand and at banks:**

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Cash on hand	155,250	---
Cash at banks – current	280,711	3,997,087
Cash at banks – call & fixed deposits	261,882	1,057,472
	697,843	**5,054,559**

5. **Trade receivable:**

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Trade receivable	10,827,656	8,938,967
Less: Allowance for doubtful debts	(322,174)	(304,702)
	10,505,482	**8,634,265**

6. **Inventories:**

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Raw materials	4,756,485	5,640,124
Finished goods	353,866	628,278
Spare parts	1,637,322	1,573,379
	6,747,673	7,841,781
Less: Allowance for slow moving inventories	(345,291)	(345,291)
	6,402,382	**7,496,490**

(8.b) ***Related parties' balances:***

Due from related parties:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
M/s. Kuwait Food Co.- (Americana), Head Office, Kuwait, the Parent Company	---	448,705
M/s. Gulf Food Industries - (California Garden)	5,168,896	1,357,400
M/s. Kuwait Food Co.- (Americana), Sharjah Restaurant	207,114	128,533
	5,376,010	**1,934,638**

Due to related parties:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
M/s. Kuwait Food Co.- (Americana), Sharjah Branch, other related party	1,298,181	1,197,636
M/s. Kuwait Food Co.- (Americana), Head Office, Kuwait, the Parent Company	89,789	---
	1,387,970	**1,197,636**

9. Assets classified as held for sale

The Company intends to dispose some of its vehicles relating to the selling and distribution division and anticipates that the disposal will be completed by August 31, 2008. These vehicles used by its selling and distribution division became idle after the management decided to curtail the operations of the division to perform selling and distribution activities for the export market only. **The Company** has reappointed an agent for local distribution as previously used.

The major classes of assets comprising the division classified as held for sale at the balance sheet date are as follows:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Property, vehicles, plant and equipment (NBV)	2,313,204	---
	2,313,204	---

10. Property, plant, vehicles and equipment :

	Land AED	Building AED	Machinery and Equipment AED	Furniture Fixtures and Others AED	Motor Vehicles AED	Assets to be deployed AED	Total AED
COST							
Balance at January 1, 2007 (audited)	243,000	13,048,624	29,683,522	3,207,846	720,250	124,867	47,028,109
Transferred from a related party	---	---	---	30,221	918,519	---	948,740
Additions during the year	---	---	1,255,261	1,160,123	3,529,400	13,515,946	19,460,730
Disposal during the year	---	---	---	---	(78,500)	---	(78,500)
Balance at December 31, 2007 (audited)	**243,000**	**13,048,624**	**30,938,783**	**4,398,190**	**5,089,669**	**13,640,813**	**67,359,079**
Additions during the period	---	55,500	208,110	23,239	---	5,296,330	5,583,179
Reclassified as held for sale	---	---	---	---	(2,989,800)	---	(2,989,800)
Balance at June 30, 2008 (reviewed)	**243,000**	**13,104,124**	**31,146,893**	**4,421,429**	**2,099,869**	**18,937,143**	**69,952,458**
DEPRECIATION							
Balance at January 1, 2007 (audited)	---	(10,308,051)	(27,427,791)	(2,097,251)	(569,641)	---	(40,402,734)
Charges for the year	---	(382,858)	(669,270)	(475,947)	(807,703)	---	(2,335,778)
Adjustment related to Disposal	---	---	---	---	78,500	---	78,500
Balance at December 31, 2007 (audited)	---	**(10,690,909)**	**(28,097,061)**	**(2,573,198)**	**(1,298,844)**	---	**(42,660,012)**
Charges for the period	---	(172,147)	(351,611)	(302,226)	(508,883)	---	(1,334,867)
Eliminated on reclassification as held for sale	---	---	---	---	676,596	---	676,596
Balance at June 30, 2008 (reviewed)	---	**(10,863,056)**	**(28,448,672)**	**(2,875,424)**	**(1,131,131)**	---	**(43,318,283)**
NET BOOK VALUE							
Balance at June 30, 2008 (reviewed)	**243,000**	**2,241,068**	**2,698,221**	**1,546,005**	**968,738**	**18,937,143**	**26,634,175**
Balance at December 31, 2007 (audited)	243,000	2,357,715	2,841,722	1,824,992	3,790,825	13,640,813	24,699,067

11. Bank borrowings:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Bank overdraft	**1,000,418**	---

As at June 30, 2008, **the Company** had the granted bank facilities amounting to AED 9,000,000.

The above facility is secured by Kuwait Food Company – Americana, Head Office, Kuwait, the Parent Company, equivalent to its stake of participation in **the Company**.

12. Bank Loan:

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Total bank Loan	10,000,000	10,000,000
Bank loan - current	(1,000,000)	(1,000,000)
Bank loan - non-current	**9,000,000**	**9,000,000**

Bank Facility

On June 1, 2007, **the Company** has obtained a bank facility from National Bank of Kuwait, Bahrain Branch in the form of a term loan amounting to AED 10,000,000. The term loan is subject to interest rate at 1 % per annum plus three or six months BIBOR.

The term loan will be settled over 10 equal installments each is AED 1,000,000 starting on July 1, 2008, the last installment will be on January 1, 2013.

The above facility is secured by Kuwait Food Company – Americana, Head Office, Kuwait, the Parent Company, equivalent to its stake of participation in the Company.

13. Concession fees for Ajman government:

In accordance with a letter dated June 17, 2004, received from the Ruler's Court of Ajman, The Ajman Government agreed to receive a sum of AED 675,000 (AED Six hundred seventy five thousand only) as an annual concession fee from **the Company** for a period of six years effective January 1, 2004 to December 31, 2009. The unpaid concession fee to Ajman Government as of June 30, 2008, is AED 337,500 (AED Three hundred and thirty seven thousand five hundred only).

14. Provision for employees' end of service indemnity:

	2008 AED (Reviewed)	2007 AED (Audited)
As at January 1,	3,254,406	2,458,098
Additions during the period / year	297,172	697,548
Transfers from related parties	---	477,253
Payments made during the period/ year	(56,917)	(378,493)
As at June 30 / December 31,	**3,494,661**	**3,254,406**

15. Authorized and fully paid share 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 millions only). However, it was decided in the same meeting to call the increase in the capital on stages, the first stage was to call the sum of AED 11,642,180 (AED Eleven million six hundred and forty two thousand one hundred and eighty only) with the objective of increasing the paid up capital to AED 25,000,000 (AED Twenty five million only), while the balance is to be called in future dates to be determined by the Board of Director.

	Number of Shares	Share Capital AED
Total Subscribed and paid as at June 30, 2008	**25,000,000**	**25,000,000**

16. Other income:

	January 1, 2008 To June 30, 2008 AED (Reviewed)	January 1, 2007 To June 30, 2007 AED (Reviewed)
Price protection remunerated by the Parent Company	---	557,644
Interest income	2,601	161,218
Gain on disposal of Property, plant, vehicles and equipments	---	25,000
Other miscellaneous income	308,612	131,707
	311,213	**875,569**

17. Profit for the period:

Profit for the period has been arrived after charging:

	January 1, 2008 To June 30, 2008 AED (Reviewed)	January 1, 2007 To June 30, 2007 AED (Reviewed)
Depreciation of Property, plant, vehicles and equipment	1,334,867	982,989
Provision for employees' end of service indemnity	297,172	459,960
Marketing research immediately expensed	15,907	7,974

18. Capital commitments and contingent liabilities:

Capital commitments

There are AED 3.2 million capital commitments as at June 30, 2008 for mainly constructing a building for warehouse. (2007: AED 7.4 million).

Contingent liabilities

	June 30, 2008 AED (Reviewed)	December 31, 2007 AED (Audited)
Sight / acceptance documents	---	1,413,051
Letters of guarantee	50,000	68,000

19. Financial instruments:

19.1 *Capital risk management*

The Company manages its capital to ensure that **the Company** will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

19.2 *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

19.3 *Fair value*

Financial assets of **the Company** include trade receivable, due from related parties, cash and cash equivalents and other current assets. Financial liabilities include trade payable, bank borrowings, due to related parties and other payables and provisions.

The fair value of the above financial assets and liabilities are not materially different from their carrying amounts.

19.4 *Currency risk*

Sales are mainly executed in U.A.E. Dirham while major purchases are executed in both Dirhams and occasionally US Dollars to which Dirham rate is fixed.

19.5 *Credit risk*

The credit risk relating to the trade receivable appears to be limited. In this respect, the management periodically reviews the said balances to assess their recoverability and allowances for doubtful debts are made, when deemed necessary.

19.6 *Interest rate risk*

The Company's exposure to interest rate risk related to its loan which is at 1 % p.a. over three or six months BIBOR.

20. Comparative figures:

Comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the current period.