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

## Condensed interim financial information

*30 September 2010*

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***Contents*** ***Page***

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

The Shareholders
Jeema Mineral Water (P.S.C.)

**Introduction**

We have reviewed the accompanying condensed statement of financial position of Jeema Mineral Water (P.S.C.) ("the Company") as of 30 September 2010, and the related condensed statements of comprehensive income (comprising a separate condensed income statement and a condensed statement of comprehensive income), changes in equity and cash flows and selected explanatory notes for the nine 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.

The condensed interim financial information of the Company for the nine month period ended 30 September 2009 was reviewed by another auditor, whose report dated 5 November 2009 expressed an unqualified review conclusion thereon. Furthermore, the financial statements of the Company for the year ended 31 December 2009 were audited by this auditor, whose report dated 16 March 2010 expressed an unqualified opinion on those statements.

**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 nine month period ended 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

**Emphasis of Matter**

Without qualifying our review conclusion, we draw attention to note 22 to the condensed interim financial information which explains that the corresponding figures included in the condensed interim financial information have been restated to correct certain prior period errors.

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

14 NOV 2010

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

## Condensed income statement

*for the nine month period ended 30 September 2010*

| | Note | Unaudited Three month period ended 30 September 2010 AED | 2009 AED Restated* | Unaudited Nine month period ended 30 September 2010 AED | 2009 AED Restated* |
|---|---|---|---|---|---|
| **Revenue** | | **12,929,259** | 14,887,518 | **41,313,114** | 42,222,777 |
| Cost of sales | *6* | **(8,911,470)** | (8,792,023) | **(25,779,219)** | (25,646,001) |
| **Gross profit** | | **4,017,789** | 6,095,495 | **15,533,895** | 16,576,776 |
| Distribution expenses | *7* | **(7,586,688)** | (4,050,875) | **(18,884,939)** | (12,451,224) |
| Administrative and general expenses | *8* | **(1,693,048)** | (1,150,252) | **(5,531,750)** | (2,265,804) |
| Profit on disposal of available for sale investments | *11* | **-** | - | **2,975,191** | - |
| Finance expense | | **(304,086)** | (309,202) | **(833,365)** | (601,900) |
| Other income | *9* | **527,513** | 574,633 | **1,556,291** | 1,688,574 |
| **(Loss)/profit for the period** | | **(5,038,520)** | 1,159,799 | **(5,184,677)** | 2,946,422 |
| Earnings per share in AED | *19* | **(0.168)** | 0.039 | **(0.173)** | 0.098 |

The notes set out on pages 7 to 16 form part of the condensed interim financial information.

* Refer note 22 for details.

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

## Condensed statement of comprehensive income

*for the nine month period ended 30 September 2010*

| | Unaudited<br>Three month period ended<br>30 September | | Unaudited<br>Nine month period ended<br>30 September | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **AED** | AED<br>Restated* | **AED** | AED<br>Restated* |
| **(Loss)/profit for the period** | **(5,038,520)** | 1,159,799 | **(5,184,677)** | 2,946,422 |
| **Other comprehensive income:** | | | | |
| Net change in fair value of available for sale investments | **1,986,483** | 7,304,577 | **(585,857)** | 12,932,447 |
| Transfer of fair value reserve on investments sold during the period to profit or loss | **-** | - | **(2,975,191)** | - |
| **Total other comprehensive income for the period** | **1,986,483** | 7,304,577 | **(3,561,048)** | 12,932,447 |
| **Total comprehensive income for the period** | **(3,052,037)** | 8,464,376 | **(8,745,725)** | 15,878,869 |

The notes set out on pages 7 to 16 form part of the condensed interim financial information.

* Refer note 22 for details.

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

## Condensed statement of financial position

*as at 30 September 2010*

| | Note | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) Restated* | 30 September 2009 AED (Unaudited) Restated* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | *10* | **43,138,107** | 47,453,098 | 46,560,745 |
| Available for sale investments | *11* | **27,645,945** | 31,776,993 | 39,210,117 |
| Long-term prepayment | | **1,296,250** | 1,342,000 | 1,424,966 |
| **Total non-current assets** | | **72,080,302** | 80,572,091 | 87,195,828 |
| **Current assets** | | | | |
| Inventories | *12* | **6,450,733** | 7,786,603 | 9,000,174 |
| Trade and other receivables | *13* | **9,536,970** | 19,435,228 | 20,917,990 |
| Cash at bank and in hand | *15* | **1,851,099** | 537,346 | 240,491 |
| Assets classified as held for sale | *16* | **1,250,409** | - | - |
| **Total current assets** | | **19,089,211** | 27,759,177 | 30,158,655 |
| **Total assets** | | **91,169,513** | 108,331,268 | 117,154,483 |
| **EQUITY** | | | | |
| Share capital | | **30,000,000** | 30,000,000 | 30,000,000 |
| Legal reserve | | **8,615,519** | 8,615,519 | 8,221,202 |
| Obligatory reserve | | **1,500,000** | 1,500,000 | 1,500,000 |
| Fair value reserve | 22 | **17,016,376** | 20,577,424 | 27,613,004 |
| Retained earnings | 22 | **1,713,262** | 8,397,939 | 9,838,001 |
| **Total equity** | | **58,845,157** | 69,090,882 | 77,172,207 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| Staff terminal benefits | | **1,034,992** | 1,413,791 | 1,374,797 |
| Payable to a related party – non current portion | *14* | **-** | 6,500,000 | 6,500,000 |
| Bank loan – non current portion | *18* | **2,500,000** | 6,250,000 | 8,750,000 |
| **Total non-current liabilities** | | **3,534,992** | 14,163,791 | 16,624,797 |
| **Current liabilities** | | | | |
| Trade and other payables | *17* | **13,818,116** | 11,273,247 | 10,997,862 |
| Due to a related party | *14* | **1,576,560** | 1,392,835 | 739,765 |
| Bank overdraft | | **3,158,134** | 4,643,695 | 5,134,873 |
| Payable to a related party – current portion | *14* | **5,236,554** | 4,016,818 | 5,434,979 |
| Short-term portion of long-term bank loan | *18* | **5,000,000** | 3,750,000 | 1,250,000 |
| **Total current liabilities** | | **28,789,364** | 25,076,595 | 23,557,479 |
| **Total liabilities** | | **32,324,356** | 39,240,386 | 40,182,276 |
| **Total equity and liabilities** | | **91,169,513** | 108,331,268 | 117,354,483 |

The condensed interim financial information was authorised for issue on behalf of the Board of Directors on 14 NOV 20

**Khalifa Hassan Abdulla Al Daboos**
Director

**Obaid Saeed Mohammed Saeed Al Mulla**
Director

The notes set out on pages 7 to 16 form part of the condensed interim financial information.

* Refer note 22 for details.

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

## Condensed statement of cash flows

*for the nine month period ended 30 September 2010*

| | Unaudited Nine month period ended 30 September 2010 AED | 2009 AED Restated* |
|---|---|---|
| **Operating activities** | | |
| (Loss)/profit for the period | **(5,184,677)** | 2,946,422 |
| *Adjustments for:* | | |
| Depreciation | **4,536,639** | 3,321,846 |
| Loss on disposal of property, plant and equipment | **211,098** | - |
| Write off of property, plant and equipment | **1,835,368** | - |
| Amortisation of long-term prepayment | **45,750** | (21,966) |
| Provision for staff terminal benefits | **183,800** | 642,547 |
| Income from disposal of available for sale investments | **(2,975,191)** | - |
| *Operating (loss)/profit before changes in working capital* | **(1,347,213)** | 6,888,849 |
| Change in inventories | **1,335,870** | 329,721 |
| Change in trade and other receivables | **9,898,258** | 201,772 |
| Change in trade and other payables | **2,544,869** | (1,732,776) |
| Change in due to a related party | **183,725** | 739,765 |
| Staff terminal benefits paid | **(562,599)** | (273,218) |
| *Net cash from operating activities* | **12,052,910** | 6,154,113 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(3,749,523)** | (1,590,424) |
| Proceeds from disposal of property, plant and equipment | **231,000** | - |
| Proceeds from disposal of available for sale investments | **3,545,191** | - |
| *Net cash from/(used in) investing activities* | **26,668** | (1,590,424) |
| **Financing activities** | | |
| Term loan obtained from a bank | **-** | 10,000,000 |
| Repayment of bank loan | **(2,500,000)** | - |
| Repayment of long term payable to a related party | **(5,280,264)** | (14,565,021) |
| Dividend paid | **(1,500,000)** | - |
| *Net cash used in financing activities* | **(9,280,264)** | (4,565,021) |
| **Net increase/(decrease) in cash and cash equivalents** | **2,799,314** | (1,332) |
| Cash and cash equivalents at the beginning of the period | **(4,106,349)** | (4,893,050) |
| Cash and cash equivalents at the end of the period | **(1,307,035)** | (4,894,382) |
| *Cash and cash equivalents comprise:* | | |
| Cash at bank and in hand | **1,851,099** | 240,491 |
| Bank overdraft | **(3,158,134)** | (5,134,873) |
| | **(1,307,035)** | (4,894,382) |

The notes set out on pages 7 to 16 form part of the condensed interim financial information.

* Refer note 22 for details.

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

## Condensed statement of changes in equity
*for the nine month period ended 30 September 2010*

| | Share capital AED | Statutory reserve AED | Obligatory reserve AED | Fair value reserve AED | Retained earnings AED | Total AED |
|---|---|---|---|---|---|---|
| **At 1 January 2009 (audited) – as previously stated** | 30,000,000 | 8,221,202 | 1,500,000 | 10,746,999 | 12,104,830 | 62,573,031 |
| Effect of prior period adjustments (refer note 22) | - | - | - | 3,933,558 | (5,213,251) | (1,279,693) |
| **At 1 January 2009 (audited) – restated** | 30,000,000 | 8,221,202 | 1,500,000 | 14,680,557 | 6,891,579 | 61,293,338 |
| **Total comprehensive income for the period** | | | | | | |
| Profit for the period – restated | - | - | - | - | 2,946,422 | 2,946,422 |
| ***Other comprehensive income*** | | | | | | |
| Net change in fair value of available for sale investments | - | - | - | 12,932,447 | - | 12,932,447 |
| Total other comprehensive income | - | - | - | 12,932,447 | - | 12,932,447 |
| Total comprehensive income for the period | - | - | - | 12,932,447 | 2,946,422 | 15,878,869 |
| **At 30 September 2009 (unaudited) – restated** | **30,000,000** | **8,221,202** | **1,500,000** | **27,613,004** | **9,838,001** | **77,172,207** |
| **At 1 January 2010 (audited) – as previously stated** | 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 22) | - | - | - | 3,933,558 | (7,180,746) | (3,247,188) |
| **At 1 January 2010 (audited) – restated** | 30,000,000 | 8,615,519 | 1,500,000 | 20,577,424 | 8,397,939 | 69,090,882 |
| **Total comprehensive income for the period** | | | | | | |
| Loss for the period | - | - | - | - | (5,184,677) | (5,184,677) |
| ***Other comprehensive income*** | | | | | | |
| Net change in fair value of available for sale investments | - | - | - | (585,857) | - | (585,857) |
| Transfer of fair value reserve on investments sold during the period to profit or loss | - | - | - | (2,975,191) | - | (2,975,191) |
| Total other comprehensive income | - | - | - | (3,561,048) | - | (3,561,048) |
| Total comprehensive income for the period | - | - | - | (3,561,048) | (5,184,677) | (8,745,725) |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| *Contributions by and distributions to owners* | | | | | | |
| Dividend paid | - | - | - | - | (1,500,000) | (1,500,000) |
| *Total contributions by and distributions to owners* | - | - | - | - | (1,500,000) | (1,500,000) |
| Total transactions with owners | - | - | - | - | (1,500,000) | (1,500,000) |
| **At 30 September 2010 (unaudited)** | **30,000,000** | **8,615,519** | **1,500,000** | **17,016,376** | **1,713,262** | **58,845,157** |

The notes set out on pages 7 to 16 form part of the condensed interim financial information.

### 1. Reporting entity

Jeema Mineral Water (P.S.C.) ("the Company") is a Public Shareholding Company incorporated in the Emirates of 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 shareholders of the Company at an extraordinary general meeting held on 20 June 2010, have resolved that the name of the Company be changed to Emirates Refreshments (P.S.C.). The legal formalities for the registration of the new name are in progress at the reporting date.

The principal activity of the Company is bottling and selling mineral water as well as manufacturing plastic bottles and containers.

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

### 2. Basis of preparation

*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 audited financial statements of the Company for the year ended 31 December 2009.

*Functional currency*

The condensed interim financial information, presented in UAE Dirhams ("AED"), which is the Company's functional currency, has been prepared under the historical cost convention, except for financial instruments classified as available for sale which are stated at fair value.

### 3. Significant accounting policies

Except as described below, the accounting policies applied in the preparation of the condensed interim financial information are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2009. Certain comparative amounts have been reclassified to conform to the current period's presentation.

**Non-current assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

## 4. 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 2009.

## 5. 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 2009.

## 6. Cost of sales

| | **Unaudited Three month period ended 30 September** | | **Unaudited Nine month period ended 30 September** | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **AED** | AED | **AED** | AED |
| | | Restated* | | Restated* |
| *These include:* | | | | |
| Raw materials consumed | **4,539,674** | 4,451,212 | **13,623,710** | 14,970,491 |
| Staff costs | **998,794** | 935,664 | **2,834,328** | 2,467,479 |
| Depreciation | **1,311,047** | 501,515 | **3,818,435** | 2,622,456 |

* Refer note 22 for details.

## 7. Distribution expenses

| | **Unaudited Three month period ended 30 September** | | **Unaudited Nine month period ended 30 September** | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **AED** | AED | **AED** | AED |
| | | Restated* | | Restated* |
| *These include:* | | | | |
| Staff costs | **1,270,467** | 1,851,196 | **5,033,851** | 4,270,354 |
| Advertisement and marketing expenses | **610,196** | 141,932 | **2,283,254** | 794,071 |
| Depreciation | **210,309** | 117,493 | **810,908** | 599,324 |
| Provision for slow moving and obsolete inventories | - | 5,320 | **187,003** | 549,874 |

* Refer note 22 for details.

## 8. Administrative and general expenses

| | Unaudited Three month period ended 30 September | | Unaudited Nine month period ended 30 September | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **AED** | AED | **AED** | AED |
| *These include:* | | | | |
| Staff costs | **843,730** | 426,568 | **1,908,555** | 1,338,836 |
| Depreciation | **28,375** | 12,422 | **117,605** | 100,066 |
| Loss on disposal of property, plant and equipment | **-** | - | **211,098** | - |
| Impairment loss on trade receivables | **272,526** | - | **1,922,954** | - |

## 9. Other income

| | Unaudited Three month period ended 30 September | | Unaudited Nine month period ended 30 September | |
|---|---|---|---|---|
| | **2010** | 2009 | **2010** | 2009 |
| | **AED** | AED | **AED** | AED |
| *This includes:* | | | | |
| Dividend income | **467,499** | 552,310 | **1,447,103** | 1,657,605 |
| Miscellaneous income | **60,014** | 22,323 | **109,188** | 30,969 |
| | **527,513** | 574,633 | **1,556,291** | 1,688,574 |

## 10. Property, plant and equipment

*Additions and disposals (unaudited)*
During the nine month period ended 30 September 2010, the Company acquired assets amounting to AED 1.96 million *(nine month period ended 30 September 2009: AED 27.6 million)* and incurred AED 1.79 million on capital work in progress *(nine month period ended 30 September 2009: 0.8 million)*. Also refer note 14 for details of property, plant and equipment purchased from a related party. Furthermore, the Company made a disposal of assets with net book value of AED 0.44 million *(nine month period ended 30 September 2009: Nil)*.

*Other movements*
During the nine month period ended 30 September 2010, the Company has recorded an impairment loss of AED 1.8 million against a project under capital work in progress involving the construction of a warehouse. The construction of the warehouse was discontinued by management due to its non feasibility.

Also refer note 16 for details of assets under property, plant and equipment with a net book value of AED 1.25 million reclassified as assets held for sale.

## 11. Available for sale investments

| | Unaudited Nine month period ended 30 September | |
|---|---|---|
| | **2010** | 2009 |
| | **AED** | AED |
| At 1 January (audited) | **31,776,993** | 26,277,670 |
| Change in fair value | **(585,857)** | 12,932,447 |
| Sale of investments | **(3,545,191)** | - |
| At 30 September (unaudited) | **27,645,945** | 39,210,117 |

All the investments in available for sale financial assets are held in equity securities listed on recognised stock exchanges. Included in the investments above are 1.7 million shares of Etisalat with a fair value of AED 18.3 million which are held in the name of a Director of the Company in trust and for the beneficial interest of the Company.

During the current period, the Company sold certain investments in securities with original cost of AED 570,000 for a consideration of AED 3,545,191 resulting in a gain of AED 2,975,191 which is recorded in profit or loss. This gain includes AED 2,975,191 representing the fair value reserve on such investments at the date of disposal, which has now been transferred to profit or loss.

## 12. Inventories

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) Restated* | 30 September 2009 AED (Unaudited) Restated* |
|---|---|---|---|
| Raw materials | **3,279,176** | 3,762,349 | 3,951,550 |
| Finished goods | **806,383** | 981,789 | 981,326 |
| Spare parts | **3,203,273** | 2,976,011 | 3,460,335 |
| Others | **2,042,929** | 1,720,620 | 2,251,747 |
| | **9,331,761** | 9,440,769 | 10,644,958 |
| Less: Provision for slow moving inventories | **(2,881,028)** | (1,654,166) | (1,644,784) |
| | **6,450,733** | 7,786,603 | 9,000,174 |

* Refer note 22 for details.

## 13. Trade and other receivables

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) Restated* | 30 September 2009 AED (Unaudited) |
|---|---|---|---|
| Trade receivables | **11,280,435** | 12,537,737 | 14,735,561 |
| Less: Provision for doubtful debts | **(3,215,000)** | (1,292,046) | (843,322) |
| Trade receivables – net (A) | **8,065,435** | 11,245,691 | 13,892,239 |
| Prepayments | **1,594,763** | 3,701,077 | 2,784,240 |
| Advances to suppliers | **462,324** | 2,658,203 | 2,782,079 |
| Other receivables | **493,282** | 2,832,291 | 1,459,432 |
| | **2,550,369** | 9,191,571 | 7,025,751 |
| Less: Provision for impairment of prepayments and other receivables | **(1,078,834)** | (1,002,034) | - |
| Prepayments and other receivables – net (B) | **1,471,535** | 8,189,537 | - |
| Total trade and other receivables (A+B) | **9,536,970** | 19,435,228 | 20,917,990 |

* Refer note 22 for details.

## 14. Related party transactions and balances

Significant related party transactions were as follows:

| | **Unaudited Three month period ended 30 September** | | **Unaudited Nine month period ended 30 September** | |
|---|---|---|---|---|
| | **2010 AED** | 2009 AED | **2010 AED** | 2009 AED |
| Sales | **1,448,694** | 1,610,586 | **4,195,395** | 4,565,021 |
| Purchase of property, plant and equipment | **-** | 26,500,000 | **-** | 26,500,000 |
| Payment of expenses on behalf of the Company | **189,792** | 505,739 | **657,776** | 1,615,014 |

**Compensation to key management personnel is as follows:**

| | | | | |
|---|---|---|---|---|
| - Short term benefits | **47,500** | 86,500 | **332,500** | 259,500 |
| - Provision towards employees' terminal benefits | **2,500** | 5,750 | **17,500** | 17,250 |

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

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 a beverage. 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.

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) | 30 September 2009 AED (Unaudited) |
|---|---|---|---|
| **Due to a related party** | | | |
| Dubai Refreshments (PSC) | **1,576,560** | 1,392,835 | 739,765 |
| **Long term payable to a related party** | | | |
| Purchase of property, plant and equipment from Dubai Refreshments (PSC) (refer note 10) | **26,500,000** | 26,500,000 | 26,500,000 |
| Less: Cumulative repayments/adjustments to date | **(21,263,446)** | (15,983,182) | (14,565,021) |
| | **5,236,554** | 10,516,818 | 11,934,979 |
| Less: Current portion | **(5,236,554)** | (4,016,818) | (5,434,979) |
| Long-term portion | **-** | 6,500,000 | 6,500,000 |

The details of the long term payable to the related party including the original terms of repayment are mentioned in the financial statements of the Company as at and for the year ended 31 December 2009. The balance is fully repayable by 31 March 2011.

## 15. Cash at bank and in hand

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) | 30 September 2009 AED (Unaudited) |
|---|---|---|---|
| Cash in hand | **91,671** | 37,495 | 38,495 |
| Cash at bank | **1,759,428** | 499,851 | 201,996 |
| | **1,851,099** | 537,346 | 240,491 |

## 16. Assets classified as held for sale

On 29 September 2010, the Company has entered into an agreement for the sale of certain vehicles with a net book value of AED 1.25 million as at that date which were mainly utilised in the distribution of the Company's goods. The Company plans to carry out their future distribution activities by using vehicles which will be obtained on an operating lease. As per the agreement, these vehicles will be sold for a consideration of AED 1.67 million against which the Company has received an advance of AED 1.5 million. The legal formalities for the transfer of vehicles in the name of the buyer are in progress at the reporting date.

## 17. Trade and other payables

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) Restated* | 30 September 2009 AED (Unaudited) Restated* |
|---|---|---|---|
| Trade payables | **8,922,811** | 9,169,971 | 8,411,838 |
| Accrued expenses and other payables | **4,895,305** | 2,103,276 | 2,586,024 |
| | **13,818,116** | 11,273,247 | 10,997,862 |

* Refer note 22 for details.

## 18. Bank loan

| | **30 September 2010 AED (Unaudited)** | 31 December 2009 AED (Audited) | 30 September 2009 AED (Unaudited) |
|---|---|---|---|
| Term loan from bank | **7,500,000** | 10,000,000 | 10,000,000 |
| Less: Current portion of bank loan | **(5,000,000)** | (3,750,000) | (1,250,000) |
| Long term portion of bank loan | **2,500,000** | 6,250,000 | 8,750,000 |

The details of the bank loan 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 2009.

## 19. Earnings per share

| | **Unaudited Three month period ended 30 September** | | **Unaudited Nine month period ended 30 September** | |
|---|---|---|---|---|
| | **2010** | 2009 Restated* | **2010** | 2009 Restated* |
| (Loss)/profit for the period (AED) | **(5,038,520)** | 1,159,799 | **(5,184,677)** | 2,946,422 |
| Weighted average number of shares outstanding | **30,000,000** | 30,000,000 | **30,000,000** | 30,000,000 |
| Earnings per share in AED | **(0.168)** | 0.039 | **(0.173)** | 0.098 |

* Refer note 22 for details.

## 20. Operating lease commitments

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

| | 30 September 2010 AED (Unaudited) | 31 December 2009 AED (Audited) |
|---|---|---|
| Less than 1 year | **2,129,801** | 2,120,561 |
| Later than 1 year and no later than 5 years | **1,981,112** | 1,942,267 |
| Later than 5 years | **5,075,207** | 5,582,292 |
| | **9,186,120** | 9,645,120 |

## 21. Contingent liabilities and commitments

| | 30 September 2010 AED (Unaudited) | 31 December 2009 AED (Audited) |
|---|---|---|
| Letters of guarantees | **1,106,590** | 1,106,590 |
| Letters of credit | **286,925** | 843,128 |
| Capital commitments | **925,950** | 11,327,712 |

## 22. Prior period errors

(i) The Company holds investments in quoted equity securities which are classified as available for sale and stated at fair value. As per International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement,* when a decline in the fair value of an available for sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised in other comprehensive income shall be reclassified from equity to profit or loss.

Certain quoted equity securities held by the Company and classified as available for sale were impaired as at 31 December 2008 for which no impairment loss was recognised in profit or loss. As a result of this error, retained earnings were overstated and fair value reserve was understated by AED 3.93 million at 1 January, 30 September and 31 December 2009. This has now been corrected in the condensed interim financial information for the nine month period ended 30 September 2010. However, the error does not impact and therefore does not require restatement of the profit or loss or earnings per share for the comparative periods presented.

## 22. Prior period errors *(continued)*

(ii) During the period ended 30 September 2010, management has carried out a physical verification of 'other inventory' items mainly comprising wooden pallets and has noted significant differences in the actual stock as compared to the book stock. Consequently, management has reassessed the existence of inventories of these items at prior reporting dates to determine whether such inventory balances were correctly reported at those dates.

Based on such analysis, management has concluded that certain inventories did not exist in the prior periods but were erroneously included in the inventory balances as at those dates. Accordingly, the error has been corrected in the corresponding figures as at 1 January, 30 September and 31 December 2009 included in the condensed statement of financial position with the associated charge recorded in the corresponding figures for the three month and the nine month periods ended 30 September 2009 included in the condensed statement of comprehensive income.

(iii) During the period ended 30 September 2010, management has reviewed the balance of prepaid employee costs at 30 September 2010 and, based on the calculations, has noted that these balances were significantly overstated in prior periods. This was mainly because the amortisation of these costs was not being done correctly as a result of which the balance of prepayments in prior periods included costs pertaining to employees who were no longer employed by the Company and these costs should have been charged to profit or loss in prior periods. Management has recalculated the balance of prepayments at 31 December 2009 in order to correct this error. Accordingly, the error has been corrected in the corresponding figures of prepayments and retained earnings as at 31 December 2009 included in the condensed statement of financial position. However, as the relevant employee records and details of these costs for periods prior to 31 December 2009 are not available, it is impracticable to do a retrospective restatement for periods prior to 31 December 2009.

(iv) During the period ended 30 September 2010, management has reconciled the balances of suppliers as recorded in the books of account with balance confirmations / statements of account obtained from certain suppliers of the Company. Based on the reconciliation of balances, management has identified that certain goods and services were received in prior periods but were not accounted for in the relevant periods. Accordingly, this has resulted in the understatement of cost of sales and trade payables in the prior periods ended 1 January, 30 September and 31 December 2009. The corresponding figures for these periods have been restated to correct this error.

## 22. Prior period errors *(continued)*

The effect of the above restatements on the financial information of the corresponding periods is as follows:

**Statement of financial position**

| | 31 December 2009 AED (Audited) | 30 September 2009 AED (Unaudited) | 1 January 2009 AED (Audited) |
|---|---|---|---|
| Increase in fair value reserve (refer note (i) above) | (3,933,558) | (3,933,558) | (3,933,558) |
| Decrease in inventories (refer note (ii) above) | (1,507,366) | (1,497,984) | (948,110) |
| Decrease in prepayments (refer note (iii) above) | (1,002,034) | - | - |
| Increase in trade payables (refer note (iv) above) | (737,788) | (552,776) | (331,583) |
| Decrease in retained earnings | (7,180,746) | (5,984,318) | (5,213,251) |

**Statement of comprehensive income**

| | Three month period ended 30 September 2009 AED (Unaudited) | Nine month period ended 30 September 2009 AED (Unaudited) |
|---|---|---|
| Increase in distribution expenses (refer note (ii) above) | (5,320) | (549,874) |
| Increase in cost of sales (refer note (iv) above) | (139,406) | (221,193) |
| Decrease in profit for the period | (144,726) | (771,067) |

The condensed 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 statement of financial information as, in the view of management, the restatement does not have a material impact on the statement of financial position as at that date.

## 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 statement of financial position, condensed 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 nine month period ended 30 September 2010, revenue from customers located in the Company's country of domicile (UAE) is AED 33.48 million *(nine month ended 30 September 2009: AED 34.39 million)* and revenue from customers outside the UAE (foreign customers) is AED 7.83 million *(nine month ended 30 September 2009: AED 7.83 million).*

*b) Major customers*

During the nine month period ended 30 September 2010, no customers have contributed revenues greater than 10% of the total revenue of the Company.