JEEMA MINERAL WATER (P.S.C.)

DUBAI - UNITED ARAB EMIRATES

AUDITORS' REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2007

JEEMA MINERAL WATER (F.S.C)
Dubai - United Arab Emirates

Index to the financial statements
For the year ended December 31, 2007

Report

The directors have ... their report and accounts for the ... 31st December 200...

Financial results

The Company has reported profit for the year of AED 3,265 K (2006: AED 4,836 K).

Directors

The directors of the company throughout the year were as follows:

- Butti Bin Obaid Al Mulla
- Khalifa Hassan Al Dabos
- Ali Bin Hamd Al Awais
- Salim Sherifi

Auditors

Grant Thornton are the present auditors of the company and the Directors recommend their appointment for the financial year 2008.

On behalf of the Board

Chairman	**Vice President**

March 17, 2008

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[illegible] of
Jeema [illegible] Water (P.S.C.)
Dubai, [illegible] Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of Jeema Mineral Water (P.S.C.) (the "Company"), which comprise the balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(P.S.C.)
Emirates

December 31, 2007

	Note	2007 AED	2006 AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	20,617,624	20,831,597
Investments available for-sale	5	71,448,157	48,371,058
Total non-current assets		92,065,781	69,202,655
Current assets			
Inventories	6	6,867,543	3,372,882
Accounts and other receivables	7	12,207,911	17,996,827
Cash and bank	8	6,808,492	1,749,345
Total current assets		25,883,946	23,119,054
Total assets		117,949,727	92,321,709
LIABILITIES AND EQUITY			
Non-current liabilities			
Employees' end of service benefits	10	951,675	797,368
Current liabilities			
Accounts and other payables	9	7,541,697	6,996,075
Bank overdraft	8	913,036	-
Total current liabilities		8,454,733	6,996,075
Capital and reserves			
Share capital	11 (a)	30,000,000	30,000,000
Legal reserve	11 (b)	7,968,550	7,642,056
Obligatory reserve	11 (c)	1,500,000	1,500,000
Investment revaluation reserve	5&11 (d)	56,118,803	32,243,690
Retained earnings		12,955,966	13,147,520
Total Shareholder's equity		108,543,319	84,528,266
Total llbilities and equity		117,949,727	92,321,709

These financial statements were approved by the Board of Directors on 17 March 2008 and signed on their behalf by:

Butti Bin Obaid Al Mulla
Chairman

Director

The notes on pages 8 to 21 form an integral part of these financial statements.

JEEMA MINERAL WATER (P.S.C.)
Dubai - United Arab Emirates

Income statement
for the year ended December 31, 2007

	Notes	2007 AED	2006 AED
Sales-net		37,797,386	29,008,528
Cost of goods sold		(29,391,621)	(28,857,761)
Gross profit		8,405,765	150,767
General and administrative expenses	13	(8,530,118)	(5,363,649)
Operating loss		(124,353)	(5,212,882)
Income from investment	14	3,057,106	9,751,099
Interest revenue		266,533	320,103
Other income-net	15	142,631	49,347
Finance costs		(76,977)	(71,307)
		3,389,293	10,049,242
Net profit for the year		3,264,940	4,836,360
Earnings per share:			
Basic and diluted earnings per share (for the year)	18	0.11	0.16

The notes on pages 8 to 21 form an integral part of these financial statements.

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Date:

JEEMA MINERAL WATER (P.S.C.)

Dubai - United Arab Emirates

Statement of changes in shareholders' equity for the year ended December 31, 2007

	Share capital AED	Legal reserve AED	Obligatory reserve AED	Investment revaluation reserve AED	Retained earnings AED	Total AED
Balance at 1.1.2006	30,000,000	7,158,420	1,086,189	76,005,619	12,328,607	126,578,835
Profit distributed	-	-	-	-	(3,000,000)	(3,000,000)
Directors' remuneration paid	-	-	-	-	(125,000)	(125,000)
Net profit for the year	-	-	-	-	4,836,360	4,836,360
Transfer to legal reserve	-	483,636	-	-	(483,636)	-
Transfer to obligatory reserve	-	-	413,811	-	(413,811)	-
Fair value adjustments	-		-	(43,761,929)		(43,761,929)
Balance at 31.12.2006	30,000,000	7,642,056	1,500,000	32,243,690	13,142,520	[illegible]
Profit distributed	-	-	-	-	(3,000,000)	[illegible]
Directors' remuneration paid	-	-	-	-	(125,000)	[illegible]
Net profit for the year	-	-	-	-	3,264,940	[illegible]
Transfer to legal reserve	-	326,494	-	-	(326,494)	[illegible]
Fair value adjustments	-	-	-	23,875,113	-	[illegible]
Balance at 31.12.2007	30,000,000	7,968,550	1,500,000	56,118,803	12,955,966	[illegible]

The notes on pages 8 to 21 form an integral part of these financial statements.

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Date:

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	2007 AED	2006 AED
Cash flows from operating activities		
Net profit for the year	3,264,940	4,836,360
Adjustment for items not involving the movement of funds:		
Depreciation (note 4)	3,274,376	3,142,860
Net transfer to statutory gratuity (note 10)	154,307	50,316
Loss/(profit) on sale of property, plant and equipment (note 15)	48,571	(28,623)
Profit on sale of investments (note 14)	(2,597,617)	(8,101,430)
Directors remuneration paid	(125,000)	(125,000)
Provision for doubtful debts (note 7)	46,781	12,931
Reversal of property, plant and equipment of previous year	133,592	-
Changes in working capital:		
Inventories	(3,494,661)	(210,811)
Accounts receivable and prepayments	5,742,135	(8,651,866)
Accounts payable and accruals	545,622	3,473,733
Net cash provided by/(used in) operating activities	6,993,046	(5,601,530)
Investing activities		
Purchase of property, plant and equipment (note 4)	(3,559,050)	(8,709,854)
Proceeds from sale of property, plant and equipment	316,484	22,038
Proceeds from sale of investments	3,429,151	10,117,685
Purchase of investment (note 5)	(33,520)	(3,549,003)
Net cash provided by/(used in) investing activities	153,065	(2,119,134)
Financing activity		
Dividend paid (note 12)	(3,000,000)	(3,000,000)
Net cash used in financing activity	(3,000,000)	(3,000,000)
Net increase/(decrease) in cash and cash equivalents	4,146,111	(10,720,664)
Analysis of net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at end of the year (note 8)	5,895,456	1,749,345
Cash and cash equivalents at beginning of the year	1,749,345	12,470,009
	4,146,111	(10,720,664)

The notes on pages 8 to 21 form an integral part of these financial statements.

Notes to the financial statements
for the year ended December 31, 2007

1 Legal status and activity

Jeema Mineral Water (P.S.C.) ("the Company"), established in Dubai was incorporated in Dubai under a decree issued by His Highness the Ruler of Dubai. The Company amended its status based on the UAE Commercial Companies law – Federal law No 8 of 1984 (as amended) as a public shareholding company.

The principal activity is bottling and selling mineral water as well as manufacturing plastic packs and bottles.

The registered address of the company is P.O. 5567 Dubai - UAE.

2 Adoption of new and revised Standards

In the current year, the Company has adopted IFRS 7, *Financial Instruments: Disclosures*, mandatory for reporting periods beginning on January 1, 2007 or later. The new standard replaces and amends disclosure requirements previously set out in IAS-32, *Financial Instruments: Disclosure and presentation* and the consequential amendments to IAS-1, *Presentation of Financial Statements*.

The new disclosure that become necessary due to adoption of IFRS 7 and changes in IAS-1 can be found in note 19.

Four Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) are effective for the current period. These are: IFRIC-7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies*; IFRIC 8 *Scope of IFRS 2*; IFRIC 9 *Reassessment of Embedded Derivatives*; and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

The following new Standards which are yet to become mandatory, have not been applied by the Company:

IAS-1 (Revised)	Presentation of Financial Statements (effective for accounting periods on or after January 1, 2009).
IAS-23 (Revised)	Borrowing Costs (effective for accounting periods beginning on or after January 1, 2009).
IFRS-3	Operating Segments (effective for accounting periods beginning on or after January 1, 2009).

Based on the Company business model and accounting policies, management does not expect material impact on financial statements when the Interpretations become effective and management does not intend to apply any of these pronouncements early.

3 Significant Accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board, and interpretation issued by the Standing Interpretation Committee of IASC and the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended).

The significant accounting policies followed are as follows:

(b) Basis of preparation

The financial statements are prepared under the historical cost convention except for investments available for sale, which are stated at fair value.

The financial statements have been presented in Arab Emirates Dirhams.

The accounting policies have been consistently applied by the Company during the year and are consistent with those used in the previous year and are set out below.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value of these assets.

(d) Depreciation of property, plant and equipment

Depreciation is calculated to write-off the cost on a straight line basis over the estimated useful lives of the assets concerned. Depreciation rates used are as follows:

Buildings	20 years
Plant, machinery, water & electricity net work	6 2/3 - 10 years
Wells	5 years
Furniture, fixtures and others	2-10 years
Transport vehicles	5 years
Tools and equipments	3 years
Sign boards	2 years
Vending machines and display refrigerators	3-5 years

(e) Investments available-for-sale

Available-for-sale investments are initially recognised at cost, being the fair value of the consideration given including all acquisition costs associated with the investments.

3 Significant accounting policies *(cont.)*

After initial recognition, investments are remeasured at fair value. Unrealised gains and losses are reported as a separate component of equity (investment revaluation reserve). On de-recognition or impairment the cumulative gain or loss previously reported in equity is included in the statement of income for the year.

Fair value cannot reliably be measured for unquoted securities. Such investments are measured at cost less provision for impairment, if any. At the time of de-recognition, the provision, if any, relating to the securities is recognised as income.

(f) Fair value measurement of investment

Fair value of investments in regular financial markets is measured based on market price of these investments at the balance sheet date.

(g) Inventories

Raw materials are stated at cost. Cost is determined using weighted average method. Finished goods are stated at the lower of cost or net realisable value.

Finished goods comprise of direct material cost, direct labour and an appropriate share of overheads based on normal operating capacity.

Net realisable value is determined based on estimated selling price less any additional cost required for completion and sale.

The company makes provision for slow moving raw materials on a specific basis.

(h) Debtors

Debtors are stated at realisable value less provision for doubtful debts.

(i) Bad and doubtful debts

Bad debts are written off as they arise. Provision is made for doubtful debts on a specific basis, in addition to another provision made on a general basis, bad debts are written off as incurred.

(j) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine if there is any indicator for impairment, and if any. Impairment losses to be recognised when its recoverable amount or generated cash flow is less than its carrying amount, if any, are recognised in the income statement.

3 Significant accounting policies *(cont.)*

(k) Accounts payable and accruals

Liabilities are recognised for the amount to be paid in future for goods or services received, whether billed or not billed to the company based on agreements with creditors.

(l) Foreign currencies

Foreign currency transactions are translated into Arab Emirates Dirhams at rates ruling at the transaction date. Monetary assets and liabilities in foreign currencies are converted into Arab Emirates Dirhams at the rates ruling on the balance sheet date. Differences on exchange are dealt with in the income statement.

(m) Provision for gratuity

Provision is made for the full amount of gratuity due to employees for their periods of service upto the balance sheet date in accordance with the U.A.E. Labour Law and is shown as a long-term liability.

(n) Basis of revenue recognition

- Sales are stated net of discounts and represent the invoice value of goods delivered.
- Investment income is recognised when the right to receive is established.
- Profit on sale of investments is recognised when they are sold and its value is realised or realisable.

(o) Cash and cash equivalents

For purpose of the statement of cash flows, all bank and cash balances less overdrafts are considered to be cash equivalents. Bank deposits with maturities of more than 3 months are considered to be investing activities.

(p) Interest income and expenses

Interest income and expenses are recognised on a time proportion basis.

(q) Leases

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. Lease bonus is recognised in the income statement as a part of total operating lease expenses.

3 Significant accounting policies *(cont.)*

i) Financial instruments

Financial instruments include on balance sheet items which comprise [illegible] bank balances and cash, bank deposits, payables, [illegible] and certain other assets and liabilities. Fair value of financial instruments are based on management estimates.

4 Property, plant and equipment

	Land	Buildings * AED	Plant & machinery water & electricity network AED	Wells AED	Furniture, fixtures & others AED	Transport vehicles AED	Tools & equipment AED	Sign boards AED	Vending machines & display refrigerators AED	Total AED
COST										
At 1.1.2007	7,044,724	5,410,283	21,407,843	1,133,098	705,701	5,413,502	946,681	69,517	2,059,024	44,190,373
Additions	-	279,994	1,645,085	2,000	85,836	1,416,742	113,013	-	16,380	3,559,050
Disposals	-	-	-	-	-	(561,252)	-	-	-	(561,252)
Reversal of asset **	-	-	-	(136,406)	-	-	-	-	-	(136,406)
At 31.12.2007	7,044,724	5,690,277	23,052,928	998,692	791,537	6,268,992	1,059,694	69,517	2,075,404	47,051,765
DEPRECIATION										
At 1.1.2007	-	4,883,633	11,558,331	611,349	466,989	3,315,654	857,656	69,517	1,595,647	[illegible]
Charge for the year	-	36,678	1,987,022	116,362	66,167	736,094	127,822	-	204,231	[illegible]
Disposals	-	-	-	-	-	(196,197)	-	-		[illegible]
Reversal of depreciation	-	-	-	(2,814)	-	-	-	-		
At 31.12.2007	-	4,920,311	13,545,353	724,897	533,156	3,855,551	985,478	69,517	1,799,878	[illegible]
NET BOOK VALUE AT 31.12.2007	7,044,724	769,966	9,507,575	273,795	258,381	2,413,441	74,216	-	275,526	20,617,624
NET BOOK VALUE AT 31.12.2006	7,044,724	526,650	9,849,512	521,749	238,712	2,097,848	89,025	-	463,377	20,831,597

* The factory buildings were constructed on land in Hatta - Dubai which was granted by His Highness the Ruler of Dubai.

** Reversal of capitalized asset of previous year.

6 Inventories

	2007 AED	2006 AED
Spare parts	467,730	385,290
Raw materials	4,701,881	2,157,902
Finished products	1,449,867	801,635
Others	248,065	28,055
	6,867,543	3,372,882

7 Accounts and other receivables

Accounts receivable	9,975,027	8,201,134
Less: provision for doubtful debts *	(843,322)	(796,541)
	9,131,705	7,404,593
Prepaid expenses	1,927,075	449,404
Accrued income	-	1,158,118
Deposits	470,256	186,100
Advance with supplier	427,348	215,477
Post dated cheques	-	203,964
Other debit balances	251,527	8,379,171
	12,207,911	17,996,827

* The following is movement of provision for doubtful debts:

Provision at 1 January	796,541	500,000
Charge during the year	46,781	296,541
Provision at 31 December	843,322	796,541

8 Cash and cash equivalents at the end of the year

	2007 AED	2006 AED
Cash in hand and at banks	6,808,492	1,749,345
Bank overdraft*	(913,036)	-
	5,895,456	1,749,345

* Bank overdraft bears interest according to the normal commercial interest rates.

9 Accounts and other payables

Accounts payable	5,728,382	4,347,878
Accruals	659,605	280,030
Provision for leave salary	407,106	337,629
General provision	495,250	1,299,962
Directors remuneration	30,000	30,000
Post dated cheques	-	676,476
Others	221,354	24,100
	7,541,697	6,996,075

10 Employees' end of service benefits

In accordance with UAE Labour Law the Company provides for an end of service benefit for its employees. The amounts recognised in the Balance Sheet in respect of end of service benefits are as follows:

	2007 AED	2006 AED
Movements in the liability recognised in the balance sheet are as follows:		
Liability as at 1 January	797,368	747,052
Expense recognised in the income statement	225,881	204,118
Payments during the year	(71,574)	(153,802)
Liability as at 31 December	951,675	797,368

An actuarial valuation has not been performed as the net impact of discount rate and future increase in staff salaries is not likely to be material.

11 Shareholders' equity

(a) Share capital

	2007 AED	2006 AED
Authorized share capital issued and fully paid	30,000,000 (30,000,000 shares, AED 1 per share)	30,000,000 (30,000,000 shares, AED 1 per share)

(b) Legal reserve

In accordance with the UAE Commercial Companies Law No. 8 of 1984 (as amended), 10% of annual net income has been transferred to a non-distributable legal reserve. Such transfers are required to be made until the balance on the legal reserve equals one half of the Company's paid up share capital.

(c) Obligatory reserve

In accordance with the Company's Articles of Association, 10% of annual net income is transferred to an obligatory reserve. Such transfers are required to be made until either the General Assembly passes an ordinary resolution for discontinuance or the reserve equals 5% of the Company's paid up share capital.

This obligatory reserve is used for purposes determined by general assembly based on board of directors' proposal.

(d) Investment available-for-sale revaluation reserve

Represents the difference between the cost of investment available-for-sale and their fair value at the balance sheet date as explained in notes 3(e), 3(f) and 5.

12 Proposed dividend

The Board of Directors have proposed dividends for the year of 10% of share capital which represents AED 3,000,000. This proposal will be submitted for written approval in the Annual General Assembly Meeting (2006: AED 3,000,000 representing 10% of share capital).

13 General and administrative expenses

	2007 AED	2006 AED
General and administrative expenses	8,304,235	2,159,531
Bad debts written off	-	1,403,497
Provision for doubtful debts	-	296,541
General provision	-	1,299,962
Provision for gratuity	225,883	204,118
	8,530,118	5,363,649

14 Income from investment-available for sale

Dividend income	459,489	1,649,669
Profit on sale of investments	2,597,617	8,101,430
	3,057,106	9,751,099

15 Other income-net

(Loss)/profit on sale of property, plant and equipment	(48,571)	28,623
Gain on exchange difference	20,686	12,559
Others	170,516	8,165
	142,631	49,347

16 Guarantees/ contingencies and commitments

Guarantees	405,000	405,000
Irrevocable letter of credit	332,100	1,858,108
Court proceeding *	42,817	-

At the balance sheet date, there was a major commitment amounting to AED 13,300,000 for the construction of labour camp accommodation and warehouse on plot number 4269/4270 at Sharjah.

19 Financial instruments and fair value *(cont.)*

Year- 2007

Liabilities	Loans and Payables	Non-Financial instruments	Total
		AED	
Employees end of service benefits	-	951,675	951,675
Accounts and other payables	7,046,447	495,250	7,541,697
Bank overdrafts	913,039	-	913,039
Total liabilities	7,959,486	1,446,925	9,406,411

The risks associated with financial instruments and the company's approaches to managing such risks are described below:

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company does not have exposure in currency other than Arab Emirates Dirhams, United States Dollars and Euro. The Dirham is effectively pegged to the Dollar, thus currency rate risks occur only in respect of other currencies.

The company does not enter into short-term hedges in the form of normal exchange contracts to offset the effect of exchange rate fluctuations.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company's short-term deposits are at fixed interest rates. Thus re-pricing in respect of fixed rate instruments only occurs when funds are being re-invested on maturity of a deposit.

19 Financial instruments and fair value *(cont.)*

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The company is exposed to market risk with respect to its investment securities (shares in UAE companies).

The company limits market risk by continuous monitoring of pertinent developments in equity markets.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Cash is placed with national banks. Credit risks on receivables are limited to customers which are carried net of provisions for bad and doubtful receivables. The company manages credit risks with respect to receivables from customers by monitoring in accordance with defined policies and procedures.

Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and the management ensures that sufficient funds are available to meet any future commitments.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

DRAFT FOR DISCUSSION
Date:

19 Financial instruments and fair value *(cont.)*

The fair value of the company's financial assets and financial liabilities are not materially different from their carrying value. Available for sale investments are quoted and carried at fair value as at 31 December 2007 based on the year end market quotes and resultant increase in the fair value taken as "Fair value reserve for available for sale investment" as part of equity. The fair values of investments available-for-sale are shown in note 5.