GULFA MINERAL WATER
AND
PROCESSING INDUSTRIES CO. PLC
AJMAN - U.A.E

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. (PLC)
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

INDEX **PAGE**

Directors' report	1
Independent auditor's report	2 - 3
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in shareholders' equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 21

gulfa
Pure Natural Spring Water
غلفا
مياه نبع طبيعية نقية
gulfa mineral water & Processing Industries Co., (PLC)
شركة غلفا للمياه المعدنية والصناعات التحويلية (ش.م.ع.)

January 7, 2010

Directors Report

For the financial year ended December 31, 2009

Dear Shareholders,

The Board Of Directors of GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. PLC (the "Company") has the pleasure in submitting the Statement of financial position for the company as at December 31, 2009 and the related Statement of comprehensive income, Statement of changes in shareholders' equity and Statement of cash flows for the year ended December 31, 2009 and related Independent Auditor's Report.

Sales

The company has achieved a sales volume of **5.55** million cartons during 2009 comparing to **4.70** million cartons in 2008. This increase is due to increasing the sales volume in the local market which commensurate with the company's strategy for giving more attention to the local market.
The company has reported net sales of AED **44.67** million during 2009 against AED **38.39** million during 2008 due to the increase in sales volume comparing to the prior year.

Cost of Sales

There is an obvious decrease in the percentage of cost of sales to the net sales by 6% from previous year, this is due to savings in raw materials usage due to production lines renovation .

Company Result

The company has reported a net profit of AED **2.76** million in 2009 compared to a net profit of AED **2.61** million in 2008, this is after deducting the concession fees. This progress was attained mainly as a result of increase in sales volume in addition to decrease in cost of sales.

The Board of Directors also wishes to express its gratitude and appreciation to His Highness, Sheikh Hemaid Bin Rashid Al-Neaimey, Member of the Supreme Council, Ruler of Ajman, for his support towards the company.

Finally, we thank the entire Staff of the Company for their efforts in accomplishing and achieving the company goals.

On behalf of the Board

Saif Rashid Hamer Ain
Chairman

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Gulfa Mineral Water and Processing Industries Co. (PLC)
Ajman

We have audited the accompanying financial statements of **Gulfa Mineral Water and Processing Industries Co. (PLC)**, a public shareholding company registered in Ajman (the "Company"), which comprise the statement of financial position as at December 31, 2009, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows 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 controls 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.

Auditors' 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 judgment, 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 Company'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 Company'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.

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THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES
AUTHORISED TRAINING EMPLOYER
Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

MAZARS

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Gulfa Mineral Water and Processing Industries Co. (PLC) as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Legal compliance

Furthermore, in our opinion, the Company has maintained proper books of account and the physical inventory was properly conducted. We obtained all the information and explanations which we considered necessary for the purpose of our audit. According to the information available to us, there were no contraventions during the year of the UAE Federal Commercial Companies Law No. 8 of 1984 or the Company's Articles of Association which might have materially affected the financial position of the Company or the results of its operations.



MAZARS
Chartered Accountants

Ajman, January 07, 2010

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. (PLC)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009

	Note	December 31, 2009 AED	December 31, 2008 AED
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.e & 4	3,912,549	2,528,246
Trade receivables (net)	5	13,940,153	8,549,677
Inventories (net)	2.f & 6	6,198,279	5,526,688
Other current assets	7	709,855	708,393
Due from related parties	8	2,100,386	7,197,510
Total current assets		**26,861,222**	**24,510,514**
NON-CURRENT ASSETS			
Property, plant and equipment (net)	2.g & 9	26,092,509	26,894,640
Refundable deposits		544,032	638,332
Total non-current assets		**26,636,541**	**27,532,972**
TOTAL ASSETS		**53,497,763**	**52,043,486**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank loan – current	11	2,000,000	2,000,000
Trade payables		4,485,498	7,125,027
Other payables and provisions		6,242,048	2,864,964
Dividends payable		176,716	177,005
Due to related parties	8	1,821,190	1,463,414
Concession fee provision for Ajman Government	10	675,000	675,000
Total current liabilities		**15,400,452**	**14,305,410**
NON-CURRENT LIABILITIES			
Bank loan - non-current	11	5,000,000	7,000,000
Provision for employees' end of service indemnity	2.j & 12	3,306,652	3,704,417
Total non-current liabilities		**8,306,652**	**10,704,417**
TOTAL LIABILITIES		**23,707,104**	**25,009,827**
SHAREHOLDERS' EQUITY			
Total subscribed capital	13	25,000,000	25,000,000
Statutory reserve	2.k	3,507,768	3,232,068
Voluntary reserve	2.l	767,937	767,937
Accumulated profit/ (losses)		514,954	(1,966,346)
Net shareholders' equity		**29,790,659**	**27,033,659**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**53,497,763**	**52,043,486**

We approve these 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 financial statements were approved by the Board of Directors on January 07, 2010 and signed on their behalf by:

Mr. Ziad Abdel Rehim
Managing Director

Mr. Ramy Ibrahim
Finance Manager

The notes on page 8 to 21 form part of these financial statements.
The report of the Independent Auditor is set out on page 2 and 3.

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. (PLC)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	2009 AED	2008 AED
Gross sales	2.e	49,525,671	40,822,462
Less: sales discounts		(4,857,063)	(2,427,720)
Net sales		44,668,608	38,394,742
Cost of sales		(31,068,650)	(28,956,209)
Gross operating profit		**13,599,958**	**9,438,533**
Other income	14	1,816,904	2,506,375
Gain/ (loss) on sale of fixed assets		13,388	(48,946)
Gross profit		**15,430,250**	**11,895,962**
General and administrative expenses		(4,049,309)	(5,874,351)
Selling, marketing and advertising expenses		(7,025,378)	(2,023,921)
Impairment loss		(533,729)	---
Finance costs		(389,834)	(712,490)
Concession fees for Ajman Government	10	(675,000)	(675,000)
Profit for the year	15	**2,757,000**	**2,610,200**
Earnings per share	16	**0.10**	**0.09**

The notes on page 8 to 21 form part of these financial statements.
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GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. (PLC)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2009

	Authorized and fully paid share capital AED	Statutory reserve AED	Voluntary reserve AED	Accumulated profit/ (loss) AED	Total AED
Balance at January 1, 2008	25,000,000	2,971,048	767,937	(4,315,526)	24,423,459
Net profit for the year	---	---	---	2,610,200	2,610,200
Movements during the year	---	261,020	---	(261,020)	---
Balance at January 1, 2009	**25,000,000**	**3,232,068**	**767,937**	**(1,966,346)**	**27,033,659**
Net profit for the year	---	---	---	2,757,000	2,757,000
Movements during the year	---	275,700	---	(275,700)	---
Balance at December 31, 2009	**25,000,000**	**3,507,768**	**767,937**	**514,954**	**29,790,659**

The notes on page 8 to 21 form part of these financial statements.
The report of the Independent Auditor is set out on page 2 and 3.

GULFA MINERAL WATER AND PROCESSING INDUSTRIES CO. (PLC)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 AED	2008 AED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	2,757,000	2,610,200
Adjustments for:		
Depreciation	4,088,818	2,972,315
Impairment loss	533,729	---
Allowances for doubtful debts	291,029	89,516
Write off of allowances for doubtful debts	-	(49,028)
(Gain)/ loss on sale of fixed assets	(13,388)	48,946
Provision for employees' end of service indemnity	383,128	914,031
OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES	**8,040,316**	**6,585,980**
(Increase)/ decrease in trade receivables	(5,752,545)	44,100
(Increase)/ decrease in inventories	(671,591)	1,969,802
(Increase)/ decrease in other current assets	(1,462)	1,997,575
Decrease/ (increase) in due from related parties	5,097,124	(5,367,822)
Decrease in refundable deposits	94,300	26,468
(Decrease) in trade payables	(2,639,529)	(1,347,739)
Increase/ (decrease) in other payables and provisions	3,279,724	(122,982)
Increase in due to related parties	357,776	370,728
CASH FLOWS FROM OPERATING ACTIVITIES	**7,804,113**	**4,156,110**
Payments of employees end of service indemnity	(780,893)	(464,020)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**7,023,220**	**3,692,090**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,752,342)	(7,449,601)
Proceeds from sale of fixed assets	113,714	2,232,767
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,638,628)**	**(5,216,834)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the loan	(2,000,000)	(1,000,000)
Dividend paid	(289)	(1,569)
NET CASH FLOWS (USED IN) FINANCING ACTIVITIES	**(2,000,289)**	**(1,001,569)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	1,384,303	(2,526,313)
CASH AND CASH EQUIVALENTS		
At the beginning of the year	**2,528,246**	**5,054,559**
At the end of the year	**3,912,549**	**2,528,246**

Trade receivables and other payables and provisions include non-cash items of AED 71,040 and AED 97,360 respectively.

The notes on page 8 to 21 form part of these financial statements.
The report of the Independent Auditor is set out on page 2 and 3.

1. Status and principal activities:

1.1. Gulfa Mineral Water and Processing Industries Co. (PLC) i s 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 commenced operations on May 24, 1977. The Company fulfilled all the requirements of the commercial federal law number 8 of 1984 and its subsequent amendments in accordance with the decision of the Annual General Meeting ("AGM") in its extraordinary meeting held on February 20, 1993.

The Company owns and manages "Gulfa Mineral Water Plant" in Masfout Ajman. Its main activities consists of the establishment of plants for production and bottling of mineral water, juices, soft drinks, food stuffs, in addition to marketing the products of such plants.

1.2. Adoption of new and revised Standards, Amendments and Interpretations:

(a) Standards, amendments and interpretations effective in 2009

The following amendments are effective for the current period;

- IAS 1, ''Presentation of Financial Statements'', effective from January 01, 2009.
- IAS 23, ''Borrowing Costs'', effective from January 01, 2009
- IFRS 5, ''Non-current Assets Held for Sale and Discontinued Operations", effective July 01, 2009.
- IFRS 7, "Financial Instruments Disclosures", effective from January 01, 2009.

The adoption of the above standards, amendments and interpretations effective during the period, has not led to any changes in the Company's accounting policies.

(b) Standards, amendments and interpretations effective in 2009 but not relevant for the Company's operations

The following standards, amendments and interpretations have been issued and are effective for the period but are not relevant to the operations of the Company;

- IAS 27, ''Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entities or Associate'', effective from January 01, 2009.
- IAS 27, ''Consolidated and Separate Financial Statements – Business Combinations'', effective from July 01, 2009.
- IAS 32, "Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation", effective from January 01, 2009.
- IAS 39, "Financial Instruments: Recognition and Measurement – Embedded Derivatives", effective from July 01, 2009.
- IAS 39, ''Financial Instruments: Recognition and Measurement – Eligible Hedged Items'', effective from July 01, 2009.
- IFRS 1, ''First-time adoption of International Financial Reporting Standards'', effective from July 01, 2009.
- IFRS 2, "Share-based Payment – Vesting Conditions and Cancellations", effective from January 01, 2009.

- IFRS 3, ''Business Combinations'', effective from July 01, 2009.
- IFRS 8, ''Operating Segments – Introduction of Management Approach'', effective from January 01, 2009.
- IFRIC 9, "Reassessment of Embedded Derivatives", effective for period ending June 30, 2009 or after.
- IFRIC 15 "Agreements for the Construction of Real States", effective from January 01, 2009.
- IFRIC 17, "Distributions of Non-cash Assets to Owners", effective from July 01, 2009.
- IFRIC 18, "Transfers of Assets from Customers", effective from transfers on or after July 01, 2009.

(c) Standards, amendments and interpretations issued but are not yet effective and have not been early adopted by the Company

The following amendments have been issued but are not yet effective and have not been early adopted by the Company;

- IFRS 2, "Share-based Payment – Group Cash Settled Transaction", effective from January 01, 2010.
- IAS 32, "Financial Instruments: Pres entation – Classification of Rights Issues'', effective from February 01, 2010.

Management anticipates that the adoption of the above amendments in future periods will have no material financial impact on the financial statements of the Company.

2. Significant accounting policies:

a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis.

c. Cash and cash equivalents

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

d. Foreign currencies

Transactions in foreign currencies are translated into Arab Emirates Dirham using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the statement of financial position are retranslated into Arab Emirates Dirham using the rate of exchange prevailing at that date.

Gains or losses resulting from foreign currency transactions are included in the statement of comprehensive income.

e. ***Revenue recognition***

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

f. ***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 represents the estimated selling price of inventories, less all estimated costs of completion and costs necessary to make the sale.
- The raw materials and spare parts are valued at the weighted average cost.

g. ***Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight line basis commencing in the month of purchase and calculated to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows:

	Estimated useful lives
Buildings	20 years
Machinery and equipment	5 - 7 years
Furniture, fixtures and other	4 - 5 years
Motor vehicles	3 - 5 years

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to their present location and condition necessary for their intended use.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the asset's carrying amount and is recognized in the statement of comprehensive income.

h. ***Trade payables and accruals***

Liabilities are recognized for amounts to be paid in future for goods and services received by the Company, whether billed or not billed.

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 date of the statement of financial position, 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***

The Company provides end of service benefits to its expatriate employees in accordance with UAE labor law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

k. ***Statutory reserve***

The statutory reserve is established in accordance with the Commercial Companies Law which requires providing 10 % of the net annual distributable profit as statutory reserve which is deemed to be non-distributable. Transfers to this reserve are required to be made until such time as 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 have the discretion to determine the percentage of the net annual distributable income that will be provided as voluntary reserve. For the current year, no such additional reserve has been considered.

m. ***Impairment of assets***

At each date of the statement of financial position, 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 any impairment loss. 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.

o. Related parties

The Company is part of a group with which it maintains trading relations. Transactions with related parties, which consist of purchases of merchandising inventory, are made at terms similar to those that could be obtained from a third party offering similar goods or services.

3. Critical Accounting Judgment and Key Sources of Estimation Uncertainty :

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities and that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimating uncertainty

The following are the key assumptions concerning the future, and other key sources of estimating uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- *Allowances for doubtful debts on trade receivables*
  Allowance for doubtful debts is determined using a combination of factors, including the overall quality and ageing of receivables and collateral requirements from customers in certain circumstances. Management makes allowance for doubtful debts based on its best estimates at the date of the statement of financial position. Management believes that no additional provision is required as at December 31, 2009.

- *Allowances for inventory obsolescence*
  Allowance for obsolete inventory is determined using a combination of factors, including the overall quality, saleability and ageing of inventories. Management makes allowance for inventory obsolescence based on its best estimates at the date of the statement of financial position. Management believes that there is no additional allowance required as at December 31, 2009.

- *Useful life of property, plant and equipment*
  Property, plant and equipment are depreciated over their estimated useful lives, which are based on estimates for expected usage of the asset and expected physical wear and tear which is dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

4. Cash and cash equivalents:

	December 31, 2009 AED	December 31, 2008 AED
Cash at banks		
– current accounts	2,019,127	1,496,471
– call deposit accounts	1,893,422	827,562
– fixed deposits	---	204,213
	3,912,549	**2,528,246**

5. Trade receivables:

	December 31, 2009 AED	December 31, 2008 AED
Trade receivables	14,576,372	8,894,867
Less: Allowance for doubtful debts	(636,219)	(345,190)
	13,940,153	**8,549,677**

The movements in allowance for bad and doubtful debts are as follows:

	2009 AED	2008 AED
Balance at the beginning of the year	345,190	304,702
Provided during the year	291,029	89,516
Written off during the year	---	(49,028)
Balance at the end of the year	**636,219**	**345,190**

6. Inventories:

	December 31, 2009 AED	December 31, 2008 AED
Raw materials	4,346,333	3,907,387
Spare parts	1,624,877	1,492,361
Finished products	572,360	472,231
	6,543,570	5,871,979
Less: Allowance for slow moving inventories	(345,291)	(345,291)
	6,198,279	**5,526,688**

7. Other current assets:

	December 31, 2009 AED	December 31, 2008 AED
Advances to suppliers	3,609	245,424
Prepayments and other receivables	706,246	462,969
	709,855	**708,393**

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 Accounting 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 year, the Company entered into the following transactions with related parties:

	2009 AED	2008 AED
Sales	273,586	631,916
Rental income (note 14)	1,000,000	2,000,000
Selling expenses charged to other related party *	650,000	10,029,057

* Total expenses incurred and charged to a related party during the year were AED 650,000 (2008: AED 10,029,057), representing their allocation of the costs incurred in respect of setting up a distribution division.

8.b *Related parties' balances:*

Due from related parties:

	December 31, 2009 AED	December 31, 2008 AED
Gulf Food Industries (California Garden)	2,100,386	7,197,510

Due to related parties:

	December 31, 2009 AED	December 31, 2008 AED
Kuwait Food Company (Americana), Sharjah Branch	1,407,419	1,286,608
Kuwait Food Company (Americana), Head Office, Kuwait	413,771	176,806
	1,821,190	**1,463,414**

8.c *Compensation of key management personnel*

The remuneration of directors and other members of the key management during the year, were as follows:-

	2009 AED	2008 AED
Board of Directors – attendance fees	**150,000**	**150,000**

The above attendance fees are subject to the approval of the General Assembly of the Company.

9.a Property, plant and equipment :

COST	Land AED	Buildings AED	Machinery and equipment AED	Furniture fixtures and others AED	Motor vehicles AED	Assets to be deployed AED	Total AED
Balance at January 1, 2008	**243,000**	**13,048,624**	**30,938,783**	**4,398,190**	**5,089,669**	**13,640,813**	**67,359,079**
Additions during the year	---	55,500	425,409	100,989	---	6,867,703	7,449,601
Transfers	---	---	10,830,351	---	---	(10,830,351)	---
Disposal during the year	---	---	---	(167,276)	(2,994,300)	---	(3,161,576)
Balance at January 1, 2009	**243,000**	**13,104,124**	**42,194,543**	**4,331,903**	**2,095,369**	**9,678,165**	**71,647,104**
Additions during the year	---	---	238,517	144,636	294,000	3,075,189	3,752,342
Transfers	---	95,000	7,427,852	---	---	(7,522,852)	---
Transfer to assets held for sale	---	---	---	---	---	(365,329)	(365,329)
Disposals during the year	---	---	---	(144,130)	---	---	(144,130)
Balance at December 31, 2009	**243,000**	**13,199,124**	**49,860,912**	**4,332,409**	**2,389,369**	**4,865,173**	**74,889,987**
DEPRECIATION							
Balance at January 1, 2008	---	**(10,690,909)**	**(28,097,061)**	**(2,573,198)**	**(1,298,844)**	---	**(42,660,012)**
Charges for the year	---	(355,271)	(1,262,693)	(572,345)	(782,006)	---	(2,972,315)
Adjustment related to disposals	---	---	---	43,042	836,821	---	879,863
Balance at January 1, 2009	---	**(11,046,180)**	**(29,359,754)**	**(3,102,501)**	**(1,244,029)**	---	**(44,752,464)**
Charges for the year	---	(361,592)	(2,928,686)	(439,216)	(359,324)	---	(4,088,818)
Disposals during the year	---	---	---	43,804	---	---	43,804
Balance at December 31, 2009	---	(11,407,772)	(32,288,440)	(3,497,913)	(1,603,353)	---	(48,797,478)
NET BOOK VALUE							
Balance at December 31, 2009	**243,000**	**1,791,352**	**17,572,472**	**834,496**	**786,016**	**4,865,173**	**26,092,509**
Balance at December 31, 2008	243,000	2,057,944	12,834,789	1,229,402	851,340	9,678,165	26,894,640

In the previous year, the Company disposed of all of its motor vehicles relating to the local selling and distribution division. These vehicles which were used by its local selling and distribution division, became idle after the management decided to curtail the operations of the division in order to perform selling and distribution activities for the export market only. The Company reappointed the agent for local distribution which it had previously used.

9.b Assets classified as held for sale

The Company intends to dispose off its labeling system and anticipates that the disposal will be completed by June 2010. This system was used by its selling and distribution division which became idle after the management decided to curtail the operations of the division.

The major classes of assets comprising the division classified as held for sale at the date of the statement of financial position are as follows:

	December 31, 2009 AED	December 31, 2008 AED
Property, plant and equipment	365,329	---
Less: impairment loss	(365,329)	---
	---	---

10. Concession fee provision for Ajman Government:

In accordance with a letter dated September 17, 2004, received from the Ruler's Court of Ajman, the Ajman Government agreed to receive a sum of AED 675,000 as an annual concession fee from the Company for a period of six years effective January 1, 2004 to December 31, 2009.

11. Bank loan:

	December 31, 2009 AED	December 31, 2008 AED
Long term Loan	7,000,000	9,000,000
Non - current portion of loan	(5,000,000)	(7,000,000)
Current portion of loan	**2,000,000**	**2,000,000**

Bank loan:

On June 1, 2007, the Company 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 charged at an annual rate of 1% over three or six months BIBOR.

The term loan will be settled by way of 10 equal semi-annual installments each of AED 1,000,000 starting on July 1, 2008, with the last installment due for settlement on January 1, 2013.

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

Bank overdraft:

1. On June 12, 2008, the Company obtained an overdraft facility from the National Bank of Kuwait – Bahrain Branch, amounting to AED 10,000,000. The facility is subject to interest charged at an annual rate of 1.5 % over three or six months BIBOR. The facility is secured by Kuwait

Food Company – Americana, Head Office, Kuwait, equivalent to its stake of participation in the Company. As of the date of the statement of financial position, the Company had not used this overdraft facility.

2. The Company also has an overdraft limit of AED 1,000,000 from Standard Chartered Bank and is subject to interest rate of 2.5% per annum over AEIBOR (Arab Emirates Inter Bank Offer Rate), subject to variation. At the date of the statement of financial position, this facility was unused.

12. Provision for employees' end of service indemnity:

	2009 AED	2008 AED
Balance at January 1	3,704,417	3,254,406
Provision made during the year	383,128	914,031
Payments made during the year	(780,893)	(464,020)
Balance at December 31	**3,306,652**	**3,704,417**

13. Authorized and fully paid share capital:

In the extraordinary meeting held on December 6, 2006, the General Assembly of the Company agreed to increase the authorized share capital of the Company from AED 13,357,820 to AED 40,000,000. However, it was decided in the same meeting to call the increase in share capital in stages, whereas, in the first stage the share capital of AED 11,642,180 was called with the objective of increasing the paid up capital to AED 25,000,000 by March 31, 2007, with the balance to be called at future dates to be determined by the Board of Directors.

The shareholders of the Company and their shareholdings are as follows:

Shareholders	% of shareholding	
	2009	2008
Kuwait Food Company (Americana), Head Office, Kuwait	62.16	62.16
Local citizens	6.95	6.68
GCC citizens	28.59	28.71
Foreign nationals	0.01	0.03
Other Arab country nationals	2.29	2.42
	100	**100**

14. Other income:

	2009 AED	2008 AED
Interest income	1,947	5,015
Rental income (note 8)	1,000,000	2,000,000
Other miscellaneous income	814,957	501,360
	1,816,904	**2,506,375**

15. Profit for the year:

Profit for the year has been arrived after charging:

	2009 AED	2008 AED
Depreciation of property, plant and equipment	4,088,818	2,972,315
Provision for employees' end of service indemnity	383,128	914,031
Marketing research	67,515	43,741

16. Earnings per share:

	2009 AED	2008 AED
Profit for the year	2,757,000	2,610,200
Profit transferred to statutory reserve	(275,700)	(261,020)
Profit for the year attributable to equity holders	2,481,300	2,349,180
Weighted average number of ordinary shares for the purposes of basic earnings	25,000,000	25,000,000
Earnings per share	**0.10**	**0.09**

17. Capital commitments and contingent liabilities:

Capital commitments

There are AED 0.49 million capital commitments as at December 31, 2009 (2008: AED 1.9 million).

Contingent liabilities

	December 31, 2009 AED	December 31, 2008 AED
Letters of guarantee	206,000	206,000

18. Financial Instruments:

18.1 *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 optimization of the debt and equity balance.

18.1.1 *Gearing ratio*

The Company's management reviews the capital structure on annual basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. The Company has a target gearing ratio of 10-25% determined as the proportion of net debt to equity.

The gearing ratio at the year end was as follows:

	December 31, 2009 AED	December 31, 2008 AED
Debt (i)	7,000,000	9,000,000
Cash and cash equivalents	(3,912,549)	(2,528,246)
Net debt	3,087,451	6,471,754
Equity (ii)	29,790,659	27,033,659
Net debt to equity ratio	**10%**	**24%**

(i) Debt is defined as the current and long term portion of the bank borrowings, as detailed in note 11.

(ii) Equity includes all capital, reserves and accumulated profit/losses of the Company.

18.2 *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 recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

18.3 *Fair value*

Financial assets of the Company include trade receivables, due from related parties, cash and cash equivalents and other current assets. Financial liabilities include trade payables, 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 as of the date of the statement of financial position.

18.4 *Liquidity risk*

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be failure to meet obligations and fulfill commitments. Management monitors the forecast liquidity position on the basis of expected cash flow and therefore, the Company does not consider itself exposed to any significant liquidity risk.

18.5 *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 the Dirham rate is fixed. Accordingly, the Company's exposure to currency risk is considered to be insignificant.

18.6 *Credit risk*

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and balances at banks. The Company does not consider itself to be exposed to any substantial credit risk from trade debts as the Company periodically reviews the balances maintained in order to assess their recoverability and allowances for doubtful debts are made, when deemed necessary.

18.7 *Interest rate risk*

The Company's exposure to interest rate risk is related to its loan account which bears interest at a rate of 1 % p.a. over three or six months BIBOR. During the year ended 31 December 2009, if the interest rate on loan have been 0.5% higher/ lower, the interest expense would have been higher/ lower by AED 0.04 million (2008; AED 0.05 million).

19. Comparative figures:

Prior year figures have been reclassified/ regrouped, wherever necessary, to conform to the presentation adopted in the current year.