Jeema Mineral Water (P.S.C.)

Condensed interim financial statements

31 March 2010

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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 31 March 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 three month period then ended ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, *'Interim Financial Reporting'*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The condensed interim financial information of the Company for the three month period ended 31 March 2009 was reviewed by another auditor, whose report dated 11 May 2009 concluded satisfactorily thereon. Furthermore, the financial statements of the Company for the year ended 31 December 2009 were audited by another 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 three month period ended 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

Vijendranath Malhotra
Registration No. 48B
Dubai, United Arab Emirates
12 May 2010

Jeema Mineral Water (P.S.C.)

Condensed income statement
for the three month period ended 31 March 2010

		Unaudited Three month period ended 31 March	
	Note	**2010**	2009
		AED	AED
Revenue		**12,633,124**	11,826,694
Cost of sales	*6*	**(8,010,656)**	(6,838,910)
Gross profit		**4,622,468**	4,987,784
Distribution expenses	*7*	**(6,194,196)**	(3,726,474)
Administrative and general expenses	*8*	**(2,655,472)**	(688,980)
Profit on available for sale investments	*10*	**2,975,191**	-
Finance expense		**(295,110)**	(80,050)
Other income		**9,570**	9,623
(Loss)/profit for the period		**(1,537,549)**	501,903
Earnings per share in AED	*17*	**(0.051)**	0.017

The notes set out on pages 7 to 13 form part of the condensed interim financial information.

Jeema Mineral Water (P.S.C.)

Condensed statement of comprehensive income

for the three month period ended 31 March 2010

	Unaudited Three month period ended 31 March 2010 AED	2009 AED
(Loss)/profit for the period	**(1,537,549)**	501,903
Other comprehensive income:		
Net change in fair value of available for sale investments	**3,003,716**	6,465,133
Transfer of reserve on available for sale investments sold during the period to profit or loss	**(2,730,000)**	-
Total other comprehensive income for the period	**273,716**	6,465,133
Total comprehensive (loss)/income for the period	**(1,263,833)**	6,967,036

The notes set out on pages 7 to 13 form part of the condensed interim financial information.

Jeema Mineral Water (P.S.C.)

Condensed statement of financial position

as at 31 March 2010

	Note	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
ASSETS				
Non-current assets				
Property, plant and equipment	*9*	**48,377,625**	47,453,098	47,848,781
Available for sale investments	*10*	**31,480,709**	31,776,993	32,742,803
Long-term prepayment		**1,326,750**	1,342,000	1,403,000
Total non-current assets		**81,185,084**	80,572,091	81,994,584
Current assets				
Inventories	*11*	**7,955,570**	9,293,969	9,889,282
Trade and other receivables	*12*	**14,159,959**	20,437,262	19,185,736
Cash at bank and in hand	*14*	**1,796,628**	537,346	231,088
Total current assets		**23,912,157**	30,268,577	29,306,106
Total assets		**105,097,241**	110,840,668	111,300,690
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		**16,917,582**	16,643,866	17,212,132
Retained earnings		**14,041,136**	15,578,685	12,606,733
Total equity		**71,074,237**	72,338,070	69,540,067
LIABILITIES				
Non-current liabilities				
Staff terminal benefits		**1,480,134**	1,413,791	1,210,538
Payable to a related party – non current portion	*13*	**-**	6,500,000	16,500,000
Bank loan – non current portion	*16*	**5,000,000**	6,250,000	-
Total non-current liabilities		**6,480,134**	14,163,791	17,710,538
Current liabilities				
Trade and other payables	*15*	**8,732,463**	10,535,459	9,005,266
Due to a related party	*13*	**1,860,819**	1,392,835	1,022,665
Bank overdraft		**2,646,751**	4,643,695	4,705,074
Payable to a related party – current portion	*13*	**9,302,837**	4,016,818	9,317,080
Short-term portion of long-term bank loan	*16*	**5,000,000**	3,750,000	-
Total current liabilities		**27,542,870**	24,338,807	24,050,085
Total liabilities		**34,023,004**	38,502,598	41,760,623
Total equity and liabilities		**105,097,241**	110,840,668	111,300,690

The condensed interim financial information was authorised for issue on behalf of the Board of Directors on 12 May 2010.

Ali Bin Humaid Al Owais
Chairman

Mana Mohamed Saeed Al Mulla
Director

The notes set out on pages 7 to 13 form part of the condensed interim financial information.

Jeema Mineral Water (P.S.C.)
Condensed statement of cash flows
for the three month period ended 31 March 2010

	Unaudited Three month period ended 31 March 2010 AED	2009 AED
Operating activities		
(Loss)/profit for the period	**(1,537,549)**	501,903
Adjustments for:		
Depreciation	**1,699,242**	1,089,839
Loss on disposal of property, plant and equipment	**211,098**	-
Amortisation of long-term prepayment	**15,250**	-
Provision for staff terminal benefits	**91,900**	258,273
Income from available for sale investments	**(2,975,191)**	-
Operating (loss)/profit before changes in working capital	**(2,495,250)**	1,850,015
Change in inventories	**1,338,399**	388,723
Change in trade and other receivables	**6,277,303**	1,934,026
Change in trade and other payables	**(1,802,996)**	(3,393,792)
Change in due to a related party	**467,984**	1,022,665
Staff terminal benefits paid	**(25,557)**	(53,203)
Net cash from operating activities	**3,759,883**	1,748,434
Investing activities		
Purchase of property, plant and equipment	**(3,065,867)**	(646,450)
Proceeds from disposal of property, plant and equipment	**231,000**	-
Proceeds from sale of available for sale investments	**3,545,191**	-
Net cash from/(used in) investing activities	**710,324**	(646,450)
Financing activities		
Repayment of long term payable to a related party	**(1,213,981)**	(682,920)
Net cash used in financing activities	**(1,213,981)**	(682,920)
Net increase in cash and cash equivalents	**3,256,226**	419,064
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	**(850,123)**	(4,473,986)
Cash and cash equivalents comprise:		
Cash at bank and in hand	**1,796,628**	231,088
Bank overdraft	**(2,646,751)**	(4,705,074)
	(850,123)	(4,473,986)

The notes set out on pages 7 to 13 form part of the condensed consolidated interim financial information.

Jeema Mineral Water (P.S.C.)

Condensed statement of changes in equity

for the three month period ended 31 March 2010

	Share capital AED	Statutory reserve AED	Obligatory Reserve AED	Fair value reserve AED	Retained earnings AED	Total AED
At 1 January 2009 (audited)	30,000,000	8,221,202	1,500,000	10,746,999	12,104,830	62,573,031
Total comprehensive income for the period						
Profit for the period	-	-	-	-	501,903	501,903
Other comprehensive income						
Net change in fair value of available for sale investments	-	-	-	6,465,133	-	6,465,133
Total other comprehensive income	-	-	-	6,465,133	-	6,465,133
Total comprehensive income for the period	-	-	-	6,465,133	501,903	6,967,036
At 31 March 2009 (unaudited)	**30,000,000**	**8,221,202**	**1,500,000**	**17,212,132**	**12,606,733**	**69,540,067**
At 1 January 2010 (audited)	30,000,000	8,615,519	1,500,000	16,643,866	15,578,685	72,338,070
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,537,549)	(1,537,549)
Other comprehensive income						
Net change in fair value of available for sale investments	-	-	-	3,003,716	-	3,003,716
Transfer of reserve on available for sale investments sold during the period to profit or loss	-	-	-	(2,730,000)	-	(2,730,000)
Total other comprehensive income	-	-	-	273,716	-	273,716
Total comprehensive income for the period	-	-	-	273,716	(1,537,549)	(1,263,833)
At 31 March 2010 (unaudited)	**30,000,000**	**8,615,519**	**1,500,000**	**16,917,582**	**14,041,136**	**71,074,237**

The notes set out on pages 7 to 13 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 Dubai, United Arab Emirates under a decree issued by His Highness, The Ruler of Dubai. The Company is listed on the Dubai Financial Market.

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

The 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 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

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

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 31 March	
	2010	2009
	AED	AED
These include:		
Raw materials consumed	**4,080,396**	4,802,087
Staff costs	**924,680**	777,499
Depreciation	**1,313,908**	656,834

7. Distribution expenses

	Unaudited Three month period ended 31 March	
	2010	2009
	AED	AED
These include:		
Staff costs	**1,882,114**	1,128,665
Advertisement and marketing expenses	**1,078,026**	352,771
Depreciation	**322,836**	361,542
Provision for slow moving and obsolete inventories	**596,520**	-

8. Administrative and general expenses

	Unaudited Three month period ended 31 March	
	2010	2009
	AED	AED
These include:		
Staff costs	**476,510**	448,093
Depreciation	**62,498**	71,463
Loss on disposal of property, plant and equipment	**211,098**	-
Impairment loss on trade receivables	**1,650,428**	-

9. Property, plant and equipment

Additions and disposals (unaudited)

During the three month period ended 31 March 2010, the Company acquired assets amounting to AED 0.94 million *(three month period ended 31 March 2009: AED 27.1 million)* and incurred AED 2.13 million on capital work in progress *(three month period ended 31 March 2009: Nil)*. Also the Company made a disposal of assets with net book value of AED 0.44 million *(three month period ended 31 March 2009: Nil)*. Also refer note 13.

10. Available for sale investments

	Unaudited Three month period ended 31 March 2010 AED	2009 AED
Opening balance	**31,776,993**	26,277,670
Change in fair value	**3,003,716**	6,465,133
Sale of investments	**(3,300,000)**	-
Closing balance	**31,480,709**	32,742,803

All the investments in available for sale financial assets are held in equity securities listed on the stock exchanges. Included in the investments above are 1.7 million shares of Etisalat with a fair value of AED 21.25 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 the income statement. This gain includes AED 2,730,000 representing the fair value reserve on such investments as at 31 December 2009, which has now been transferred to profit or loss upon sale of the investments.

11. Inventories

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Raw materials	**3,364,133**	3,762,349	4,454,645
Finished goods	**666,580**	981,789	1,486,873
Spare parts	**2,712,150**	2,976,011	3,164,688
Others	**1,956,027**	1,720,620	929,876
	8,698,890	9,440,769	10,036,082
Less: Provision for slow moving inventories	**(743,320)**	(146,800)	(146,800)
	7,955,570	9,293,969	9,889,282

12. Trade and other receivables

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Trade receivables	**12,498,669**	12,537,737	13,705,270
Less: Provision for doubtful debts	**(2,942,474)**	(1,292,046)	(843,322)
	9,556,195	11,245,691	12,861,948
Prepayments	**3,120,859**	3,701,077	3,628,385
Advances to suppliers	**871,048**	2,658,203	1,319,904
Other receivables	**611,857**	2,832,291	1,375,499
	14,159,959	20,437,262	19,185,736

13. Related party transactions and balances

Significant related party transactions were as follows:

	Unaudited Three month period ended 31 March 2010 AED	2009 AED
Sales	**1,213,981**	682,920
Purchase of property, plant and equipment	**-**	26,500,000
Payment of expenses on behalf of the Company	**467,984**	1,022,665

Compensation to key management personnel is as follows:

	2010 AED	2009 AED
- Short term benefits	**142,500**	86,500
- Provision towards employees' terminal benefits	**7,500**	5,750

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.

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Due to a related party			
Dubai Refreshments (PSC)	**1,860,819**	1,392,835	1,022,665

13. Related party transactions and balances (continued)

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Long term payable to a related party			
Purchase of property, plant and equipment from Dubai Refreshments (PSC)	**26,500,000**	26,500,000	26,500,000
Less: Cumulative repayments	**(17,197,163)**	(15,983,182)	(682,920)
	9,302,837	10,516,818	25,817,080
Less: Current portion	**(9,302,837)**	(4,016,818)	(9,317,080)
Long-term portion	**-**	6,500,000	16,500,000

The details of the long term payable to the related party including the terms of repayment are discussed in the financial statements of the Company for the year ended 31 December 2009.

14. Cash at bank and in hand

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Cash in hand	**46,295**	37,495	35,495
Cash at bank	**1,750,333**	499,851	195,593
	1,796,628	537,346	231,088

15. Trade and other payables

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Trade payables	**6,479,445**	8,432,183	6,872,286
Accrued expenses and other payables	**2,253,018**	2,103,276	2,132,980
	8,732,463	10,535,459	9,005,266

16. Bank loan

	31 March 2010 AED (Unaudited)	31 December 2009 AED (Audited)	31 March 2009 AED (Unaudited)
Term loan from bank	**10,000,000**	10,000,000	-
Less: Current portion of bank loan	**(5,000,000)**	(3,750,000)	-
Long term portion of bank loan	**5,000,000**	6,250,000	-

The details of the bank loan including the terms of repayment, interest rate and security provided are discussed in the financial statements of the Company for the year ended 31 December 2009.

17. Earnings per share

	Unaudited Three month period ended 31 March 2010	2009
(Loss)/profit for the period (AED)	**(1,537,549)**	501,903
Weighted average number of shares outstanding	**30,000,000**	30,000,000
Earnings per share in AED	**(0.051)**	0.017

18. Operating lease commitments

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

	31 March 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

19. Contingent liabilities and commitments

	31 March 2010 AED Unaudited	31 December 2009 AED Audited
Letters of guarantees	**1,106,590**	1,106,590
Letters of credit	**-**	843,128
Capital commitments	**10,081,594**	11,327,712

20. Subsequent events

Subsequent to 31 March 2010 at the Annual General Meeting (AGM) held on 20 April 2010, the shareholders approved a 5% cash dividend amounting to an aggregate of AED 1.5 million or AED 0.05 per share.

21. Segment reporting

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

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

a) Information about geographical segments

During the quarter ended 31 March 2010, revenue from customers located in the Company's country of domicile (UAE) is AED 10.4 million *(quarter ended 31 March 2009: AED 9.5 million)* and revenue from customers outside the UAE (foreign customers) is AED 2.2 million *(quarter ended 31 March 2009: AED 2.3 million).*

b) Major customers

During the period ended 31 March 2010, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.