Emirates Refreshments (P.S.C.)
(formerly Jeema Mineral Water (P.S.C.))

Condensed interim financial information

31 March 2012

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Independent auditors' report on review of condensed interim financial information

The Shareholders
Emirates Refreshments (P.S.C.)

Introduction

We have reviewed the accompanying condensed statement of financial position of Emirates Refreshments (P.S.C.) (formerly Jeema Mineral Water (P.S.C.)) ("the Company") as at 31 March 2012, the condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended, and notes to the interim financial information ("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.

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 2012 is not prepared, in all material respects, in accordance with IAS 34, *'Interim Financial Reporting'*.

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

14 MAY 2012

Emirates Refreshments (P.S.C.)
(formerly Jeema Mineral Water (P.S.C.))

Condensed income statement
for the three month period ended 31 March 2012

	Note	Unaudited Three month period ended 31 March 2012 AED	2011 AED
Revenue		**11,876,133**	9,548,875
Cost of sales	*6*	**(8,765,929)**	(7,111,620)
Gross profit		**3,110,204**	2,437,255
Distribution expenses	*7*	**(2,827,958)**	(3,102,295)
Administrative and general expenses	*8*	**(1,462,603)**	(2,132,340)
Profit on available for sale investments	*11*	**782,888**	15,516,460
Finance expense		**(293,030)**	(359,781)
Finance income		**110,578**	369,543
Other income		**62,808**	479,990
(Loss)/profit for the period		**(517,113)**	13,208,832
Earnings per share – basic	*18*	(0.017)	0.440

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

Emirates Refreshments (P.S.C.)
(formerly Jeema Mineral Water (P.S.C.))

Condensed statement of comprehensive income
for the three month period ended 31 March 2012

	Note	**Unaudited Three month period ended 31 March 2012 AED**	**2011 AED**
(Loss)/profit for the period		**(517,113)**	13,208,832
Other comprehensive income:			
Net change in fair value of available for sale investments	*11*	**1,200,610**	837,215
Transfer of reserve on available for sale investments sold during the period to profit or loss	*11*	**(782,888)**	(15,300,000)
Total other comprehensive income for the period		**417,722**	(14,462,785)
Total comprehensive income for the period		**(99,391)**	(1,253,953)

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

Emirates Refreshments (P.S.C.)

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

Condensed statement of financial position

at 31 March 2012

ASSETS	Note	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Non-current assets				
Property, plant and equipment	*9*	**34,057,522**	35,245,515	37,490,714
Investment property	*10*	**3,757,075**	3,757,075	4,293,800
Available for sale investments	*11*	**4,284,441**	8,189,425	9,490,048
Long-term prepayment		**1,204,750**	1,220,000	1,265,750
Non-current portion of fixed deposits with bank	*15*	**3,900,000**	4,200,000	-
Total non-current assets		**47,203,788**	52,612,015	52,540,312
Current assets				
Inventories	*12*	**7,469,439**	7,681,248	11,816,660
Trade and other receivables	*13*	**9,644,414**	8,284,951	9,179,263
Due from a related party	*14*	**1,003,833**	1,336,674	131,166
Cash in hand and at bank	*15*	**16,943,031**	16,882,697	18,797,957
Total current assets		**35,060,717**	34,185,570	39,925,046
Total assets		**82,264,505**	86,797,585	92,465,358
EQUITY AND LIABILITIES				
EQUITY				
Share capital		**30,000,000**	30,000,000	30,000,000
Statutory reserve		**8,998,499**	8,998,499	8,615,519
Obligatory reserve		**1,500,000**	1,500,000	1,500,000
Fair value reserve		**1,378,308**	960,586	2,261,209
(Accumulated losses)/retained earnings		**(1,428,741)**	(911,628)	8,850,385
Total equity		**40,448,066**	40,547,457	51,227,113
LIABILITIES				
Non-current liabilities				
Provision for employee terminal benefits		**1,325,655**	1,229,605	1,316,282
Bank loans – non current portion	*17*	**9,400,000**	10,200,000	12,137,378
Total non-current liabilities		**10,725,655**	11,429,605	13,453,660
Current liabilities				
Trade and other payables	*16*	**15,038,597**	18,912,187	19,847,892
Short term portion of long-term bank loans	*17*	**3,200,000**	3,200,000	3,250,000
Bank overdraft	*17*	**12,852,187**	12,708,336	4,686,693
Total current liabilities		**31,090,784**	34,820,523	27,784,585
Total liabilities		**41,816,439**	46,250,128	41,238,245
Total equity and liabilities		**82,264,505**	86,797,585	92,465,358

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

Chairman

Director

14 MAY 2012

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

Emirates Refreshments (P.S.C.)
(formerly Jeema Mineral Water (P.S.C.))

Condensed statement of cash flows
for the three month period ended 31 March 2012

	Unaudited Three month period ended 31 March	
	2012	2011
	AED	AED
Operating activities		
(Loss)/profit for the period	**(517,113)**	13,208,832
Adjustments for:		
Depreciation	**1,423,300**	1,211,475
Gain on disposal of assets held for sale	**-**	(263,997)
Amortisation of long-term prepayment	**15,250**	15,250
Provision for staff terminal benefits	**372,627**	284,272
Interest expense	**293,030**	359,781
Interest income	**(60,493)**	-
Dividend income from available for sale investments	**(50,085)**	(369,543)
Profit on available for sale investments	**(782,888)**	(15,516,460)
	693,628	(1,070,390)
Change in inventories	**211,809**	(3,689,761)
Change in trade and other receivables	**(1,287,874)**	965,767
Change in due from a related party	**332,841**	831,903
Change in trade and other payables	**(3,873,590)**	1,013,506
Staff terminal benefits paid	**(276,577)**	(147,199)
Net cash used in operating activities	**(4,199,763)**	(2,096,174)
Investing activities		
Purchase of property, plant and equipment	**(235,307)**	(1,888,897)
Proceeds from disposal of assets held for sale	**-**	70,000
Proceeds from sale of available for sale investments	**5,105,594**	18,746,460
Interest income	**60,493**	-
Dividend income	**-**	369,543
Net cash from investing activities	**4,930,780**	17,297,106
Financing activities		
Interest expense paid	**(293,030)**	(359,781)
Repayment of bank loans	**(800,000)**	(862,622)
Net cash used in financing activities	**(1,093,030)**	(1,222,403)
Net (decrease)/increase in cash and cash equivalents	**(362,013)**	13,978,529
Cash and cash equivalents at the beginning of the period	**(6,222,142)**	132,735
Cash and cash equivalents at the end of the period	**(6,584,155)**	14,111,264
Cash and cash equivalents comprise:		
Cash in hand and at bank	**236,634**	18,797,957
Fixed deposit (less than three months)	**6,031,398**	-
Bank overdraft	**(12,852,187)**	(4,686,693)
	(6,584,155)	14,111,264

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

Emirates Refreshments (P.S.C.)
(formerly Jeema Mineral Water (P.S.C.))

Condensed statement of changes in equity
for the three month period ended 31 March 2012

	Share capital AED	Statutory reserve AED	Obligatory reserve AED	Fair value reserve AED	Retained earnings/ (accumulated losses) AED	Total AED
At 1 January 2011 (audited)	30,000,000	8,615,519	1,500,000	16,723,994	(4,358,447)	52,481,066
Total comprehensive income for the period						
Profit for the period	-	-	-	-	13,208,832	13,208,832
Other comprehensive income						
Net change in fair value of available for sale investments	-	-	-	837,215	-	837,215
Transfer to profit or loss of reserve on available for sale investments sold during the period	-	-	-	(15,300,000)	-	(15,300,000)
Total other comprehensive income	-	-	-	(14,462,785)	-	(14,462,785)
Total comprehensive income for the period	-	-	-	(14,462,785)	13,208,832	(1,253,953)
At 31 March 2011 (unaudited)	**30,000,000**	**8,615,519**	**1,500,000**	**2,261,209**	**8,850,385**	**51,227,113**
At 1 January 2012 (audited)	30,000,000	8,998,499	1,500,000	960,586	(911,628)	40,547,457
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(517,113)	(517,113)
Other comprehensive income						
Net change in fair value of available for sale investments	-	-	-	1,200,610	-	1,200,610
Transfer to profit or loss of reserve on available for sale investments sold during the period	-	-	-	(782,888)	-	(782,888)
Total other comprehensive income	-	-	-	417,722	-	417,722
Total comprehensive income for the period	-	-	-	417,722	(517,113)	(99,391)
At 31 March 2011 (unaudited)	**30,000,000**	**8,998,499**	**1,500,000**	**1,378,308**	**(1,428,741)**	**40,448,066**

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

1. Reporting entity

Emirates Refreshments (P.S.C.) (formerly 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 Company has two plants, each located in Dibba and Hatta, UAE. The Company mainly markets, distributes and sells its products across the UAE.

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

2. 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 2011.

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 2011.

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 the preparation of the financial statements of the Company as at and for the year ended 31 December 2011.

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 2011.

6. Cost of sales

	Unaudited Three month period ended 31 March	
	2012	2011
	AED	AED
These include:		
Materials consumed	**5,079,025**	3,547,561
Staff costs	**1,151,558**	1,199,427
Depreciation	**1,207,360**	1,313,908
Water and electricity charges	**984,099**	825,030

7. Distribution expenses

	Unaudited Three month period ended 31 March	
	2012	2011
	AED	AED
These include:		
Staff costs	**1,031,375**	1,178,028
Transportation expenses	**1,218,837**	1,321,794
Rent expense	**332,407**	309,670
Advertisement and marketing expenses	**37,573**	17,044
Depreciation	**102,764**	125,955
Provision for slow moving and obsolete inventories	**-**	5,936

8. Administrative and general expenses

	Unaudited Three month period ended 31 March	
	2011	2010
	AED	AED
These include:		
Staff costs	**895,369**	1,335,556
Depreciation	**113,176**	52,966
Impairment loss on trade receivables	**75,000**	65,000

9. Property, plant and equipment

Additions and disposals (unaudited)

During the three month period ended 31 March 2012, the Company acquired assets amounting to AED 0.11 million *(three month period ended 31 March 2011: AED 0.28 million)* and incurred AED 0.13 million on capital work in progress *(three month period ended 31 March 2011: AED 1.61 million).* There have been no write off of assets during the current period *(three month period ended 31 March 2011: AED 0.6 million).*

10. Investment property

Investment property comprises a land which is held for undetermined use. The Company measures investment property using the cost model. At 31 December 2011, the Company has estimated the fair value of this property based on an open market valuation provided by an independent registered valuer. An impairment loss of AED 3.29 million has been recorded in respect of this property up to 31 December 2011. Management is of the view that no further adjustment is required to the carrying value of the land as on 31 March 2012 in the current quarter. Subsequent to quarter end this land has been sold for an amount of AED 3.4 million (refer note 22).

11. Available for sale investments

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Opening balance	**8,189,425**	27,182,833	27,182,833
Change in fair value	**1,200,610**	1,191,529	837,215
Sale of investments	**(5,105,594)**	(20,184,937)	(18,530,000)
	4,284,441	8,189,425	9,490,048

Significant investments in available for sale financial assets are held in equity securities listed on recognised stock exchanges.

During the current period, the Company sold certain investments in securities with original cost of AED 4,322,706 *(2011: AED 3,230,000)* for a consideration of AED 5,105,594 *(2011: AED 18,746,460)* resulting in a gain of AED 782,888 *(2011: AED 15,516,460)* which is recorded in profit or loss.

12. Inventories

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Raw materials	**2,655,991**	2,402,735	5,987,383
Finished goods	**1,428,580**	1,851,837	2,450,732
Spare parts	**3,864,560**	3,805,798	3,655,964
Others	**202,559**	222,724	527,987
	8,151,690	8,283,094	12,622,066
Less: Provision for slow moving inventories	**(682,251)**	(601,846)	(805,406)
	7,469,439	7,681,248	11,816,660

13. Trade and other receivables

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Trade receivables	**7,224,048**	7,160,921	8,210,415
Less: Allowance for impairment	**(865,183)**	(790,183)	(3,280,000)
	6,358,865	6,370,738	4,930,415
Prepayments	**1,864,686**	721,530	2,818,285
Advances to suppliers	**198,076**	43,694	-
Other receivables	**1,222,787**	1,148,989	1,430,563
	9,644,414	8,284,951	9,179,263

14. Related party transactions and balances

Significant related party transactions were as follows:

	Unaudited Three month period ended 31 March 2012 AED	2011 AED
Sales	**1,320,182**	1,074,348
Payment of expenses on behalf of the Company	**82,687**	110,215
Compensation to key management personnel is as follows:		
- Short term benefits	**483,347**	170,016
- Provision towards employee terminal benefits	**46,871**	25,896

In 2009, the Company has entered into a co-packing agreement ("the Co-Packing Agreement") with Dubai Refreshments (P.S.C.), a related party, to act as a bottler and co-packer of a beverage. As per the terms of the Co-Packing Agreement, the parties have undertaken to sell/purchase a minimum quantity of the beverage at a mutually agreed price. The agreement was valid until 28 February 2012 and its renewal is under negotiation at the reporting date. Management expects that the agreement will be subsequently renewed. The amount receivable from Dubai Refreshments (PSC) under the Co-Packing Agreement is assigned to banks against facilities obtained by the Company.

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Due from a related party			
Dubai Refreshments (P.S.C.)	**1,003,833**	1,336,674	131,166

15. Cash at bank and in hand

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Cash in hand	**140,110**	133,386	73,997
Other cash equivalents	**51,663**	48,454	-
Cash at bank – current account	**44,861**	304,354	18,723,960
Cash at bank – fixed deposit	**20,606,397**	20,596,503	-
Cash at bank – fixed deposit	**20,843,031**	21,082,697	-
Less: Non-current portion of fixed deposits	**(3,900,000)**	(4,200,000)	-
	16,943,031	16,882,697	18,797,957

15. Cash at bank and in hand *(continued)*

(i) Fixed deposits include AED 6.03 million with a maturity of less than three months from the reporting date. Fixed deposits carry interest at normal commercial rates.

(ii) Fixed deposits with banks amounting to AED 18.75 million are hypothecated against bank borrowings obtained comprising loans and overdraft. Fixed deposits of AED 3.9 million corresponding to the non-current portion of bank loans are classified as non-current assets.

16. Trade and other payables

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Trade payables	**9,145,421**	8,932,282	12,673,594
Accrued expenses and other payables	**5,893,176**	9,979,905	7,174,298
	15,038,597	18,912,187	19,847,892

17. Bank loans

	31 March 2012 AED (Unaudited)	31 December 2011 AED (Audited)	31 March 2011 AED (Unaudited)
Term loans from bank	**12,600,000**	13,400,000	15,387,378
Less: Short term portion of bank loans	**(3,200,000)**	(3,200,000)	(3,250,000)
Long term portion of bank loans	**9,400,000**	10,200,000	12,137,378
Bank overdraft	**12,852,187**	12,708,336	4,686,693

The details of the bank loans 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 2011.

18. Earnings per share

	Unaudited Three month period ended 31 March 2012	2011
(Loss)/profit for the period (AED)	**(517,113)**	13,208,832
Weighted average number of shares outstanding	**30,000,000**	30,000,000
Earnings per share in AED	**(0.017)**	0.440

19. Operating lease commitments

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

	31 March 2012 AED Unaudited	31 December 2011 AED Audited
Less than 1 year	**2,100,729**	2,068,210
Later than 1 year and no later than 5 years	**3,277,455**	3,669,149
Later than 5 years	**3,888,900**	4,024,227
	9,267,084	9,761,586

20. Contingent liabilities and commitments

	31 March 2012 AED Unaudited	31 December 2011 AED Audited
Letters of guarantee	**3,318,451**	1,025,000
Capital commitments	**178,582**	372,942

At 31 December 2011, the Company was a defendant in respect of various legal cases filed against it in the UAE and Oman by its former agent in Oman, the details of which are contained in note 28 of the financial statements for the year ended 31 December 2011. The status of the significant cases is as follows:

1) Claim of AED 1.76 million for indemnification for the termination of the agency agreement. This claim was based on the grounds that the termination was without sufficient notice and had resulted in damage to the Agent's company and loss of customers. The Court of First Instance ruling obligated the Company to pay part of the claim. The Company and the Agent filed an appeal against the ruling and the Court of Appeal obligated the Company to pay the full claim of AED 1.76 million and legal costs. The Company has paid the amount and filed an appeal in the Court of Cassation.

2) Claim of AED 9 million for compensation from the Company for filling water of a brand which was owned by the Agent, without their permission. The Court of First Instance pronounced a judgement in favour of the Agent and had obligated the Company to pay AED 2.2 million and legal costs of 0.2 million. The Company had filed an appeal against the ruling which was rejected by the Court of Appeal. The Company has paid the amount and filed an appeal in the Court of Cassation.

20. Contingent liabilities and commitments *(continued)*

Furthermore, during 2011, the Company was also a defendant in a case filed in a Court in the UAE by a former employee of the Company in relation to the termination of the employee claiming AED 5.4 million. The Court had dismissed the claim and an appeal has been filed by the employee in the current quarter.

Management is of the view that there will be no significant financial implications of these litigations, including the cases which have been ruled against the Company, over and above the amount already paid by the Company and the existing provision recorded in the books of account.

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 2012, revenue from customers located in the Company's country of domicile (UAE) is AED 10.4 million *(quarter ended 31 March 2011: AED 8.6 million)* and revenue from customers outside the UAE (foreign customers) is AED 1.5 million *(quarter ended 31 March 2011: AED 0.9 million).*

b) Major customers

Revenue from a related party represents AED 1.3 million *(quarter ended 31 March 2011: AED 1.1 million)* of the Company's total revenues. Apart from Dubai Refreshments (P.S.C.) there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.

22. Subsequent event

Subsequent to the reporting date, the Company has sold the investment property comprising of a land at Sharjah with carrying value of AED 3,757,075 for an amount of AED 3,327,788. The Company has incurred transaction costs of AED 33,278 in respect of this sale. The legal formalities in respect of this sale are still in progress (also refer note 10).