GULFA MINERAL WATER
&
PROCESSING INDUSTRIES CO. (PLC)
AJMAN -U.A.E.

REVIEW REPORT
AND INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD FROM JANUARY 1, 2007
TO SEPTEMBER 30, 2007

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
REVIEW REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 2007 TO SEPTEMBER 30, 2007

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MAZARS

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MAZARS CHARTERED ACCOUNTANTS

Report on Review of Interim Financial Statements

To the Shareholders of
Gulfa Mineral Water And Processing Industries Co. (PLC)
Ajman,
United Arab Emirates

We have reviewed the accompanying interim balance sheet of **Gulfa Mineral Water & Processing Industries Co. (PLC) - Public Shareholding Company registered in Ajman (the "Company")** as of September 30, 2007 and the related interim statements of income, changes in shareholders' equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of **Gulfa Mineral Water & Processing Industries Co. (PLC)** are not presented fairly, in all material respects the financial position of the Company as at September 30, 2007, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards.

MAZARS
Chartered Accountants
Date : Ajman, October 29, 2007
By : Samir N. Bitar – F.C.A.
Register No. : B 72

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GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM BALANCE SHEET
SEPTEMBER 30, 2007

	Note	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	[2.c] & [3]	828,161	10,846,968
Trade receivable - net	[2.e] & [4]	12,684,877	7,353,085
Inventories - net	[2.f] & [5]	6,091,165	5,726,593
Other current assets	[6]	6,989,948	424,660
Due from related parties	[7]	6,586,922	3,479,910
Total Current Assets		**33,181,073**	**27,831,216**
NON-CURRENT ASSETS			
Property, plant, vehicles and equipment	[2.g] & [8]	19,147,835	6,625,375
TOTAL ASSETS		**52,328,908**	**34,456,591**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank borrowings	[9]	686,619	---
Trade payable		8,422,676	7,111,850
Other payables and provisions		3,975,289	2,938,979
Dividends payable		178,865	186,929
Due to related parties	[7]	871,213	1,259,420
Ajman government provision (concession fee)	[10]	843,750	337,500
Total Current Liabilities		**14,978,412**	**11,834,678**
NON-CURRENT LIABILITIES			
Bank Loan	[11]	10,000,000	---
Provision for employees' end of service indemnity	[2.i] & [12]	3,554,865	2,458,098
TOTAL LIABILITIES		**28,533,277**	**14,292,776**
SHAREHOLDERS' EQUITY			
Authorized and fully paid share capital	[13]	25,000,000	23,040,476
Statutory reserve	[2.j]	2,908,265	2,741,036
Voluntary reserve	[2.k]	767,937	767,937
Accumulated losses		(4,880,571)	(6,385,634)
Net shareholders' equity		**23,795,631**	**20,163,815**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**52,328,908**	**34,456,591**

We approve these interim 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 interim financial statements were approved by the Management on October 29, 2007 and signed on its behalf by:

Mr. Ekram Youssef
General Manager

Mr. Khalid Omar
Deputy General Manager

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM INCOME STATEMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30,2007

	Note	Period from January 1, 2007 To September 30, 2007 AED (Reviewed)	Period from January 1, 2006 To September 30, 2006 AED (Un-audited)
Sales	[2.e]	**30,453,700**	**30,046,119**
Cost of sales		(24,303,685)	(26,391,877)
Gross Operating Profit		**6,150,015**	**3,654,242**
Other income	[2.e] & [14]	989,721	1,262,675
Gross Profit		**7,139,736**	**4,916,917**
General and administrative expenses		(2,536,166)	(2,069,525)
Selling, marketing and advertising expenses		(2,254,038)	(2,094,609)
Finance costs		(170,990)	(59,966)
Concession fees for Ajman Government	[10]	(506,250)	(506,250)
Profit for the period	[15]	**1,672,292**	**186,567**
Earning per share		**0.07**	**0.01**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM JANUARY 1, 2007 TO SEPTEMBER 30, 2007

	Authorized and Fully Paid Share Capital AED	Statutory Reserve AED	Voluntary Reserve AED	Fair Value Adjustment Reserve AED	Accumulated Losses AED	Total AED
Balance as at December 31, 2005-**(audited)**	13,357,820	2,719,100	767,937	-29,704	-6,583,058	10,232,095
Net profit for the period	---	---	---	---	186,567	186,567
Decrease in fair value of investment	---	---	---	(273,389)	---	(273,389)
Balance as at September 30, 2006-(un-audited)	**13,357,820**	**2,719,100**	**767,937**	**(303,093)**	**(6,396,491)**	**10,145,273**
Balance as at December 31, 2006 **(audited)**	23,040,476	2,741,036	767,937	---	(6,385,634)	20,163,815
Capital subscribed during the period	1,959,524	---	---	---	---	1,959,524
Net profit during the period	---	---	---	---	1,672,292	1,672,292
Transfer to statutory reserve	---	167,229	---	---	(167,229)	---
Balance as at September 30, 2007-(reviewed)	**25,000,000**	**2,908,265**	**767,937**	---	**(4,880,571)**	**23,795,631**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

GULFA MINERAL WATER & PROCESSING INDUSTRIES CO. (PLC)
INETRIM STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2007 TO SEPTEMBER 30, 2007

	Note	Period from January 1, 2007 To September 30, 2007 AED (Reviewed)	Period from January 1, 2006 To September 30, 2006 AED (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,672,292	186,567
Adjustments for:			
Depreciation		1,648,155	1,597,686
Profit on sale of vehicles		(25,000)	---
Provision for employees' terminal benefits		698,706	165,539
OPERATING PROFIT BEFORE CHANGES IN OPERATING ASSETS AND LIABILITIES		**3,994,153**	**1,949,792**
(Increase) in trade receivable		(5,331,792)	(3,469,097)
(Increase) / decrease in inventories		(364,572)	812,003
(Increase) in other current assets		(6,273,252)	(502,536)
(Increase) in due from related parties		(3,776,670)	---
(Decrease) in trade payable		1,310,826	(488,298)
Increase in other payables and provisions		1,448,695	1,588,085
(Decrease) in due to related parties		(388,207)	---
CASH FLOWS (USED IN) OPERATING ACTIVITIES		**(9,380,819)**	**(110,051)**
Payments of employees end of service indemnity		(79,192)	(185,060)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		**(9,460,011)**	**(295,111)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, plant, vehicles and Equipment		(13,221,875)	(1,153,229)
Proceeds from sale of vehicles		25,000	---
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(13,196,875)**	**(1,153,229)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from bank borrowings		10,686,619	---
Dividend paid		(8,064)	(4,100)
Proceed from the issuance of share capital		1,959,524	---
NET CASH FLOWS GENERATED FROM / (USED IN) FINANCING ACTIVITIES		**12,638,079**	**(4,100)**
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(10,018,807)	(1,452,440)
CASH AND CASH EQUIVALENTS	[2.c] & [3]		
At the beginning of the period		**10,846,968**	**2,628,677**
At the end of the period		**828,161**	**1,176,237**

Non-cash transaction:
The company has integrated in its books the following non cash transaction from a related party.

	DR. / (CR.) AED
Property, plant and equipment (net book value)	948,740
Prepayments	292,036
Employees' end of service indemnity	(477,253)
Accruals	(93,865)

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

1. Status and Principal Activities:

1.1. Gulfa Mineral Water and Processing Industries Co. (PLC) – is 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** started operations on May 24, 1977. **The Company** started operations on May 24, 1977. **The Company** has fulfilled all the requirements of the commercial federal law number 8 of 1984 and its subsequent amendments as per the decision of the Annual General Meeting ("AGM") in its extra - ordinary meeting held on February 20, 1993.

The Company owns and manages "Gulfa Mineral Water Plant" in Masfout –Ajman. It's main activities extends to the establishment of plants for production and bottling of mineral water, juices, soft drinks, food stuff, in addition to marketing the products of such plants.

2. Significant Accounting Policies:

a. ***Statement of compliance***

The interim 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 interim financial statements have been prepared on the historical cost basis. The principal accounting policies which are set out below are consistent with these followed in the preparation of the reviewed financial statements.

c. ***Cash and cash equivalents***

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

d. ***Foreign currencies***

Transactions in foreign currencies are translated into Arab Emirates Dirham at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Arab Emirates Dirham at the rate of exchange prevailing at that date. Gains or losses resulting from foreign currency transactions are included in the statement of income

e. ***Revenue recognition***

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

Sale of goods

Revenue from the sale of goods 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 presents the estimated selling price of inventories less all estimated cost 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,vehicles, equipment and depreciation***

Property, plant, vehicles and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on straight line basis to write off the cost of the property, plant, vehicles and equipment over their estimated useful lives. During the year 2005, **the Company** has increased the expected useful life for both buildings and motor vehicles from 10 to 20 years and 3 to 4 years respectively. The estimated useful lives are as follows:

	Estimated Useful Lives
Buildings	20 years
Machinery and equipments	5 - 7 years
Furniture, fixtures and others	4 - 5 years
Motor vehicles *	4 - 5 years

* Effective January 1, 2007, **the Company** has changed the estimated useful life of its motor vehicle from four to five years. The new useful life will be applied on the acquisitions made after January 1, 2007.

h. ***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 balance sheet date, 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.

i. ***Employees' end of service indemnity***

Provision is made for employees' end of service indemnity in accordance with the UAE Labor Law (as amended) for the accumulated period of service as at the balance sheet date.

j. ***Statutory reserve***

The statutory reserve is established in accordance with the Commercial Companies Law (as amended) which requires providing 10 % of the net annual distributable profit as statutory reserve which is non-distributable. Transfers to this reserve are required to be made until such time it equals at least 50% of the paid share capital of **the Company**.

k. ***Voluntary reserve***

In accordance with **the Company's** Articles of Association, the Board of Directors has the discretion to determine the percentage of the net annual distributable income that will be provided as voluntary reserve. For the period January 1, 2007 to September 30, 2007, no such provision has been considered.

l. **Impairment of assets**

At each balance sheet date, **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 the impairment loss (if any). 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.

m. ***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.

3. Cash and Cash Equivalents :

Cash and cash equivalents consist of the following:

	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Cash at banks – current account	580,794	99,879
Cash at banks – call & fixed deposits	247,367	10,747,089
Total	**828,161**	**10,846,968**

4. Trade Receivable:

The trade receivable consists of the following:

	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Trade receivable	12,884,877	7,553,085
Less: Allowance for doubtful debts	(200,000)	(200,000)
Total	**12,684,877**	**7,353,085**

5. Inventories:

	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Raw materials	4,278,599	4,141,688
Finished products	638,811	398,016
Spare parts	1,508,087	1,521,221
	6,425,497	6,060,925
Less: Allowance for slow moving inventories	(334,332)	(334,332)
Total	**6,091,165**	**5,726,593**

6. Other Current Assets:

	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Advances to suppliers	2,924,901	63,651
Financial Assets – margin	720,368	---
Prepayments and other debit balances	2,670,969	241,009
Deposits	673,710	120,000
Total	**6,989,948**	**424,660**

7. Related Party Transactions:

(7.a) *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 Financial Reporting Standard 24. Management believes that the terms of such transactions are not materially different from those which could have been obtained from unrelated parties.

Related party transactions

During the period **the Company** entered into the following transactions with related parties:

	Period from January 1, 2007 To September 30, 2007 AED (Reviewed)	Period from January 1, 2006 To September 30, 2006 AED (Un-audited)
Sales	4,089,236	9,763,364
Price protection remunerated by the Parent Company	514,055	---
Selling, marketing and distribution expenses charged to the Parent Company	3,657,438	---
Selling expenses charged to other related party	2,995,445	---

The balances as at September 30, 2007 of the related parties are shown below:

	September 30, 2007 AED (Reviewed)		December 31, 2006 AED (Audited)	
	DR	(CR)	DR	(CR)
M/s. Kuwait Food Co.- (Americana), Sharjah Branch, other related party	---	(871,213)	3,479,910	---
M/s. Kuwait Food Co.- (Americana), Head Office, Kuwait, the Parent Company	4,592,223	---	---	(345,142)
M/s. Gulf Food Industries - (California Garden), other related party	1,994,699	---	---	(914,278)
	6,586,922	**(871,213)**	**3,479,910**	**(1,259,420)**

On January 31, 2007, **the Company** has integrated the following balances of selling and distribution department of a related party which will be considered as an extension to the current existing department:

	January 31, 2007 DR/(CR)
Property, plant and equipment – Cost	2,255,393
Property, plant and equipment – Accumulated depreciation	(1,306,653)
Property, plant and equipment – Net Book Value	948,740
Prepayments	292,036
Employees' end of service indemnity	(362,622)
Accruals	(93,865)

During the first quarter, an amount of AED 114,631 which relates to Employees' end of service indemnity was transferred from the parent Company.

8. **Property, plant, vehicles and equipment :**

	Land	Buildings	Machinery and Equipment	Furniture Fixtures and Others	Motor Vehicles	Assets to be deployed	Total
	AED	AED	AED	AED	AED	AED	AED
COST							
As at December 31, 2005 (audited)	**243,000**	**12,872,304**	**29,410,770**	**2,253,907**	**595,250**	**271,118**	**45,646,349**
Additions during the year	---	30,069	272,752	953,939	125,000	---	1,381,760
Transfers	---	146,251	---	---	---	-146,251	---
As at December 31, 2006 (audited)	**243,000**	**13,048,624**	**29,683,522**	**3,207,846**	**720,250**	**124,867**	**47,028,109**
Transferred from a related party (note 7)	---	---	---	30,221	918,519	---	948,740
Additions during the period	---	217,035	1,025,560	936,508	3,529,400	7,513,372	13,221,875
Disposal during the period	---	---	---	---	(78,500)	---	(78,500)
As at September 30, 2007 (reviewed)	**243,000**	**13,265,659**	**30,709,082**	**4,174,575**	**5,089,669**	**7,638,239**	**61,120,224**
DEPRECIATION							
As at December 31, 2005 (audited)	---	**(9,950,078)**	**(26,260,251)**	**(1,708,464)**	**(471,845)**	---	**(38,390,638)**
Charges for the year	---	(357,973)	(1,167,540)	(388,787)	(97,796)	---	(2,012,096)
As at December 31, 2006 (audited)	---	**(10,308,051)**	**(27,427,791)**	**(2,097,251)**	**(569,641)**	---	**(40,402,734)**
Charges for the period	---	(286,168)	(483,733)	(337,101)	(541,153)	---	-1,648,155
Adjustment related to Disposal	---	---	---	---	78,500	---	78,500
As at September 30, 2007 (reviewed)	---	**-10,594,219**	**-27,911,524**	**-2,434,352**	**-1,032,294**	---	**-41,972,389**
NET BOOK VALUE							
As at September 30, 2007 (reviewed)	**243,000**	**2,671,440**	**2,797,558**	**1,740,223**	**4,057,375**	**7,638,239**	**19,147,835**
As at December 31, 2006 - (audited)	**243,000**	**2,740,573**	**2,255,731**	**1,110,595**	**150,609**	**124,867**	**6,625,375**

9. Bank Borrowings

The Company is utilizing the following credit facilities sanctioned by a Bank:

Facility	Limit AED	Interest Rate	Purpose
① Overdraft	1000,000	0.75% per annum + 1 month DIBOR	To finance the working capital requirements of the Company
② Import letter of credit (at sight / usance up to 120 days)	5,000,000	Commission as per the Bank's schedule of charges	To finance raw materials, machinery, spare parts and packaging materials.
③ Loan against trust receipts (as complementary to the previous facility)	5,000,000	Bank's Standard Tariff.	Complementary loans for 90 days against trust receipts to retire bills under sight / usance.
④ Local bills/export discounting	3,000,000	Bank's Standard Tariff.	To discount bills / post dated checks

10. Ajman Government Provision (Concession Fees):

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 (AED Six hundred seventy five thousand only) as an annual concession fee from **the Company** for a period of six years effective January 1, 2004 to December 31, 2009. The unpaid concession fee to Ajman Government as of September 30, 2007, is AED 843,750 (AED Eight hundred and forty three thousand seven hundred and fifty only).

11. Bank Loan:

	September 30, 2007 AED	December 31, 2006 AED
Bank Loan	**10,000,000**	---

Bank Facility

On June 1, 2007, **the Company** has 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 rate at 1 % per annum plus three or six months BIBOR.

The term loan will be settled over 10 equal installments each is AED 1,000,000 starting on December 1, 2008.

The above facility is secured by Kuwait Food Company – Americana, Head Office, Kuwait, the Parent Company.

12. Provision for Employees' end of service indemnity:

	2007 AED (Reviewed)	2006 AED (Audited)
As at January 1,	2,458,098	2,448,064
Additions during the period / year	698,706	296,390
Transfers from related parties	477,253	---
Payments made during the period/ year	(79,192)	(286,356)
As at September 30 / December 31,	**3,554,865**	**2,458,098**

13. Authorized and Fully Paid Share Capital:

In its extra ordinary meeting on December 6, 2006, the general assembly of **the Company** has agreed to increase the authorized capital of **the Company** from AED 13,357,820 (AED Thirteen million three hundred fifty seven thousand eight hundred and twenty only) to a AED 40,000,000 (AED Forty millions only). However, it was decided in the same meeting to call the increase in the capital on stages, the first stage was to call the sum of AED 11,642,180 (AED Eleven million six hundred and forty two thousand one hundred and eighty only) with the objective of increasing the paid up capital to AED 25,000,000 (AED Twenty five million only), while the balance is to be called in future dates to be determined by the Board of Director.

The movement of share capital was as follow:

	Number of Shares	Share Capital AED
Balance as at January 1, 2006	13,357,820	13,357,820
Subscribed in the increase of capital during 2006	9,682,656	9,682,656
Total Subscribed as at December 31, 2006	**23,040,476**	**23,040,476**
Subscribed in the increase of capital during the period	1,959,524	1,959,524
Total Subscribed as at September 30, 2007	**25,000,000**	**25,000,000**

14. Other Income:

	Period from January 1, 2007 To September 30, 2007 AED (Reviewed)	Period from January 1, 2006 To September 30, 2006 AED (Un-audited)
Price protection remunerated from a related party	557,644	---
Interest income	167,678	4,634
Gain on disposal of property, plant, vehicles and equipments	25,000	---
Excess provision written back	---	1,230,000
Other miscellaneous income	239,399	28,041
	989,721	**1,262,675**

15. Profit for the Period:

Profit for the period has been arrived after charging:

	Period form January 1, 2007 to September 30, 2007 AED (Reviewed)	Period from January 1, 2006 To September 30, 2006 AED (Un-audited)
Depreciation of Property, Plant and Equipment	**1,648,155**	**1,597,686**
Provision for employees terminal benefits	**698,706**	**165,539**
Marketing research immediately expensed	**20,643**	**64,753**

16. Capital Commitments and Contingent Liabilities:

Capital Commitments

There are no capital commitments as at September 30, 2007.

Contingent Liabilities

	September 30, 2007 AED (Reviewed)	December 31, 2006 AED (Audited)
Sight / acceptance documents	---	**9,091**
Letters of guarantee	**68,000**	**30,000**

17. Financial Instruments:

Fair value

Financial assets of **the Company** include trade receivable, due from related parties, cash and cash equivalents and other current assets. Financial liabilities include trade payable, 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.

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 Dirham rate is fixed.

Credit risk

The credit risk relating to the accounts receivable appears to be limited. In this respect, the management periodically reviews the said balances to assess their recoverability and provisions for doubtful debts are made, when deemed necessary.

Interest rate risk

The company's exposure to interest rate risk related to its loan which is at 1 % p.a. over three or six months BIBOR.

18. Comparative Figures:

Comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in the current period.