

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

Condensed interim financial
information

30 September 2012

Emirates Refreshments (P.S.C.)

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

Condensed interim financial information

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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 30 September 2012, the condensed statements of comprehensive income, changes in equity and cash flows for the nine 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 nine month period ended 30 September 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: 30 October 2012

Emirates Refreshments (P.S.C.)

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

Condensed income statement

for the nine month period ended 30 September 2012

	Note	Unaudited Three month period ended 30 September		Unaudited Nine month period ended 30 September	
		2012 AED	2011 AED	2012 AED	2011 AED
Revenue		14,748,647	13,200,867	41,756,898	35,419,941
Cost of sales	6	(9,759,663)	(9,922,941)	(28,705,977)	(26,582,328)
Gross profit		4,988,984	3,277,926	13,050,921	8,837,613
Distribution expenses	7	(3,217,846)	(3,560,688)	(9,105,941)	(9,713,213)
Administrative and general expenses	8	(1,376,712)	(1,863,748)	(4,191,138)	(6,088,706)
Loss on disposal of investment property	10	-	-	(462,564)	-
Profit on sale of available for sale investments	11	-	1,824,937	1,168,582	17,341,397
Finance expense		(252,326)	(241,040)	(801,588)	(962,360)
Finance income		61,893	56,694	180,023	89,035
Dividend income		-	34,485	172,468	478,022
Other income		83,736	54,330	231,148	606,171
Profit /(loss) for the period		<u>287,729</u>	<u>(417,104)</u>	<u>241,911</u>	<u>10,587,959</u>
Earnings per share – basic	18	<u>0.010</u>	<u>(0.014)</u>	<u>0.008</u>	<u>0.353</u>

The notes set out on pages 7 to 12 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 nine month period ended 30 September 2012


	Note	Unaudited		Unaudited	
		Three month period ended		Nine month period ended	
		2012	2011	2012	2011
		AED	AED	AED	AED
Profit/(loss) for the period		287,729	(417,104)	241,911	10,587,959
Other comprehensive income:					
Net change in fair value of available for sale investments	11	414,752	1,189,905	1,679,074	2,660,946
Transfer of reserve on available for sale investments sold during the period to profit or loss	11	-	(1,824,937)	(1,168,582)	(17,341,397)
Total other comprehensive income for the period		414,752	(635,032)	510,492	(14,680,451)
Total comprehensive income for the period		702,481	(1,052,136)	752,403	(4,092,492)


The notes set out on pages 7 to 12 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 30 September 2012

		30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
ASSETS	<i>Note</i>			
Non-current assets				
Property, plant and equipment	9	32,076,414	35,245,515	36,210,938
Investment property	10	-	3,757,075	4,293,800
Available for sale investments	11	3,209,429	8,189,425	9,272,382
Long-term prepayment		1,174,250	1,220,000	1,235,250
Non-current portion of fixed deposits with bank	15	3,300,000	4,200,000	-
Total non-current assets		39,760,093	52,612,015	51,012,370
Current assets				
Inventories	12	9,277,100	7,681,248	9,811,300
Trade and other receivables	13	9,172,978	8,284,951	9,321,616
Due from a related party	14	637,041	1,336,674	801,686
Cash in hand and at bank	15	17,790,033	16,882,697	19,041,877
Total current assets		36,877,152	34,185,570	38,976,479
Total assets		76,637,245	86,797,585	89,988,849
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		1,471,078	960,586	2,043,543
(Accumulated losses)/retained earnings		(669,717)	(911,628)	6,229,512
Total equity		41,299,860	40,547,457	48,388,574
LIABILITIES				
Non-current liabilities				
Provision for employee terminal benefits		1,384,755	1,229,605	1,184,928
Bank loans – non current portion	17	7,800,000	10,200,000	11,000,000
Total non-current liabilities		9,184,755	11,429,605	12,184,928
Current liabilities				
Trade and other payables	16	11,749,483	18,912,187	15,097,509
Short term portion of long-term bank loans	17	3,200,000	3,200,000	3,200,000
Bank overdraft	17	11,203,147	12,708,336	11,117,838
Total current liabilities		26,152,630	34,820,523	29,415,347
Total liabilities		35,337,385	46,250,128	41,600,275
Total equity and liabilities		76,637,245	86,797,585	89,988,849

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


 Chairman


 Director

The notes set out on pages 7 to 12 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 nine month period ended 30 September 2012

	Unaudited	
	Nine month period ended	
	30 September	
	2012	2011
	AED	AED
Operating activities		
Profit for the period	241,911	10,587,959
<i>Adjustments for:</i>		
Depreciation	4,291,201	3,722,157
Gain on disposal of assets held for sale	-	(263,997)
Amortisation of long-term prepayment	45,750	45,750
Provision for staff terminal benefits	565,392	401,955
Gain on disposal of property, plant and equipment	(51,031)	(30,340)
Dividend income from available for sale investments	(172,468)	(478,022)
Loss on disposal of investment property	462,564	-
Profit on disposal of available for sale investments	(1,168,582)	(17,341,397)
Interest expense	700,896	962,360
	-----	-----
	4,915,633	(2,393,575)
Change in inventories	(1,595,852)	(1,684,401)
Change in trade and other receivables	(888,027)	823,414
Change in due from a related party	699,633	161,383
Change in trade and other payables	(7,162,704)	(5,236,877)
Staff terminal benefits paid	(410,242)	(396,236)
	-----	-----
<i>Net cash used in operating activities</i>	(4,441,559)	(8,726,292)
	-----	-----
Investing activities		
Purchase of property, plant and equipment	(1,128,567)	(3,119,803)
Proceeds from disposal of assets held for sale	-	1,570,000
Proceeds from sale of available for sale investments	6,659,070	20,571,397
Proceeds from disposal of property, plant and equipment	57,498	30,340
Funds invested in fixed deposit with a bank	(211,423)	(18,761,625)
Proceeds from sale of investment property	3,294,511	-
Dividend received on investment on equity securities	172,468	478,022
	-----	-----
<i>Net cash from investing activities</i>	8,843,557	768,331
	-----	-----
Financing activities		
Bank loan obtained	-	6,000,000
Repayment of bank loans	(2,400,000)	(8,050,000)
Interest expense paid	(700,896)	(962,360)
	-----	-----
<i>Net cash used in financing activities</i>	(3,100,896)	(3,012,360)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	1,301,102	(10,970,321)
Cash and cash equivalents at the beginning of the period	(12,222,141)	132,735
	-----	-----
Cash and cash equivalents at the end of the period	(10,921,039)	(10,837,586)
	-----	-----
<i>Cash and cash equivalents comprise:</i>		
Cash in hand and at bank	282,108	280,252
Bank overdraft	(11,203,147)	(11,117,838)
	-----	-----
	(10,921,039)	(10,837,586)
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The notes set out on pages 7 to 12 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 nine month period ended 30 September 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	-	-	-	-	10,587,959	10,587,959
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	2,660,946	-	2,660,946
Net change in fair value of available for sale investments	-	-	-	-	-	-
Transfer to profit or loss of reserve on available for sale investments sold during the period	-	-	-	(17,341,397)	-	(17,341,397)
Total other comprehensive income	-	-	-	(14,680,451)	-	(14,680,451)
Total comprehensive income for the period	-	-	-	(14,680,451)	10,587,959	(4,092,492)
At 30 September 2011 (unaudited)	30,000,000	8,615,519	1,500,000	2,043,543	6,229,512	48,388,574
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	-	-	-	-	241,911	241,911
Profit for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	1,679,074	-	1,679,074
Net change in fair value of available for sale investments	-	-	-	-	-	-
Transfer to profit or loss of reserve on available for sale investments sold during the period	-	-	-	(1,168,582)	-	(1,168,582)
Total other comprehensive income	-	-	-	510,492	-	510,492
Total comprehensive income for the period	-	-	-	510,492	241,911	752,403
At 30 September 2012 (unaudited)	30,000,000	8,998,499	1,500,000	1,471,078	(669,717)	41,299,860

The notes set out on pages 7 to 12 are an integral part of the condensed interim financial information.

Emirates Refreshments (P.S.C.)

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

Notes to the condensed interim financial information

for the nine month period ended 30 September 2012

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 for the nine month period ended 30 September 2012 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 audited 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		Unaudited	
	Three month period ended		Nine month period ended	
	30 September		30 September	
	2012	2011	2012	2011
	AED	AED	AED	AED
<i>These include:</i>				
Materials consumed	5,251,959	5,400,288	16,142,965	14,811,456
Staff costs	1,257,658	1,376,542	3,635,438	3,537,739
Depreciation	1,177,424	1,095,251	3,554,025	3,236,970
Water and electricity charges	1,512,366	1,434,688	3,714,745	3,669,861

Emirates Refreshments (P.S.C.)

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

Notes to the condensed interim financial information *(continued)*
for the nine month period ended 30 September 2012

11. Available for sale investments

	30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
Opening balance	8,189,425	27,182,833	27,182,833
Change in fair value	1,679,074	1,191,529	2,660,946
Sale of investments	(6,659,070)	(20,184,937)	(20,571,397)
Closing balance	<u>3,209,429</u>	<u>8,189,425</u>	<u>9,272,382</u>

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 5,490,488 (2011: AED 3,230,000) for a consideration of AED 6,659,070 (2011: AED 20,571,397) resulting in a gain of AED 1,168,582 (2011: AED 17,341,397) which is recorded in profit or loss.

12. Inventories

	30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
Raw materials	5,089,822	2,402,735	4,360,713
Finished goods	1,139,626	1,851,837	1,495,071
Spare parts	3,304,199	3,805,798	4,568,293
Others	168,476	222,724	244,815
	<u>9,702,123</u>	<u>8,283,094</u>	<u>10,668,892</u>
Less: Provision for slow moving inventories	(425,023)	(601,846)	(857,592)
	<u>9,277,100</u>	<u>7,681,248</u>	<u>9,811,300</u>

13. Trade and other receivables

	30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
Trade receivables	7,895,849	7,160,921	7,087,851
Less: Allowance for impairment	(874,277)	(790,183)	(1,108,062)
	<u>7,021,572</u>	<u>6,370,738</u>	<u>5,979,789</u>
Prepayments	809,931	721,530	1,914,027
Advances to suppliers	105,942	43,694	310,206
Other receivables	1,235,533	1,148,989	1,117,594
	<u>9,172,978</u>	<u>8,284,951</u>	<u>9,321,616</u>

Emirates Refreshments (P.S.C.)

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

Notes to the condensed interim financial information *(continued)*
for the nine month period ended 30 September 2012

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

- (i) Fixed deposits include AED 6.05 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 3.3 million corresponding to the non-current portion of bank loans are classified as non-current assets.

16. Trade and other payables

	30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
Trade payables	8,674,671	8,932,282	9,724,414
Accrued expenses and other payables	3,074,812	9,979,905	5,373,095
	<u>11,749,483</u>	<u>18,912,187</u>	<u>15,097,509</u>

17. Bank borrowings

	30 September 2012 AED (Unaudited)	31 December 2011 AED (Audited)	30 September 2011 AED (Unaudited)
Term loans from bank	11,000,000	13,400,000	14,200,000
Less: Short term portion of bank loans	(3,200,000)	(3,200,000)	(3,200,000)
Long term portion of bank loans	<u>7,800,000</u>	<u>10,200,000</u>	<u>11,000,000</u>
Bank overdraft	<u>11,203,147</u>	<u>12,708,336</u>	<u>11,117,838</u>

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 30 September		Unaudited Nine month period ended 30 September	
	2012	2011	2012	2011
Profit/(loss) for the period (AED)	<u>287,729</u>	<u>(417,104)</u>	<u>241,911</u>	<u>10,587,959</u>
Weighted average number of shares Outstanding	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Earnings per share in AED	<u>0.010</u>	<u>(0.014)</u>	<u>0.008</u>	<u>0.353</u>