

**Gulfa Mineral Water and Processing Industries Co. P.L.C.**

**Interim condensed financial statements  
For the six months period ended 30 June 2018**

# **Gulfa Mineral Water and Processing Industries Co. P.L.C.**

## **Interim condensed financial information**

**For the six months period ended 30 June 2018**

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## *Report on review of interim condensed financial statements to the shareholders of Gulfa Mineral Water and Processing Industries co. P.L.C.*

### *Introduction*

We have reviewed the accompanying interim condensed statement of financial position of Gulfa Mineral Water and Processing Industries Co. P.L.C. (the "Company") as at 30 June 2018 and the related interim condensed statements of comprehensive income for the three-month and six-month periods then ended and interim condensed statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements 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 interim condensed financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers  
14 August 2018

Jacques Fakhoury  
Registered Auditor Number 379  
Dubai, United Arab Emirates

*PricewaterhouseCoopers (Dubai Branch), License no. 102451  
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates  
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me*

Douglas O'Mahony, Paul Suddaby, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

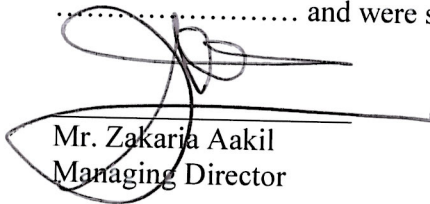
# Gulfa Mineral Water and Processing Industries Co. P.L.C.

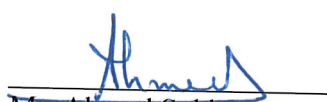
## Interim condensed statement of financial position

		As at 30 June 2018 AED (Reviewed)	As at 31 December 2017 AED (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	12,969,952	12,685,640
Intangible assets		114,030	129,234
		<u>13,083,982</u>	<u>12,814,874</u>
<b>Current assets</b>			
Inventories	6	5,220,875	5,977,580
Trade and other receivables	7	8,193,783	12,561,569
Due from related parties	8	1,251,188	1,081,389
Cash and cash equivalents		3,894,207	7,183,247
		<u>18,560,053</u>	<u>26,803,785</u>
<b>Total assets</b>		<u>31,644,035</u>	<u>39,618,659</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital	9	30,000,000	30,000,000
Statutory reserve	10	5,887,566	5,887,566
Voluntary reserve	11	234,067	234,067
Accumulated losses		(14,714,755)	(6,456,442)
<b>Total equity</b>		<u>21,406,878</u>	<u>29,665,191</u>
<b>Liabilities</b>			
<b>Non-current liability</b>			
Provision for employees' end of service benefits		2,421,021	3,376,909
<b>Current liabilities</b>			
Trade and other payables	13	7,142,912	6,088,926
Provisions	13	500,665	441,926
Due to related parties	8	172,559	45,707
		<u>7,816,136</u>	<u>6,576,559</u>
<b>Total liabilities</b>		<u>10,237,157</u>	<u>9,953,468</u>
<b>Total equity and liabilities</b>		<u>31,644,035</u>	<u>39,618,659</u>

The interim condensed financial statements were approved for issue by the Board of Directors on  
14 August 2018

..... and were signed on its behalf by:

  
Mr. Zakaria Aakil  
Managing Director

  
Mr. Ahmed Sobhy  
Deputy Finance Manager

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Interim condensed statement of comprehensive income

	Note	Three month ended 30 June		Six month ended 30 June	
		2018 AED (Reviewed)	2017 AED (Reviewed)	2018 AED (Reviewed)	2017 AED (Reviewed)
Revenue		7,545,738	11,920,622	13,450,244	22,026,726
Cost of sales	13	(9,764,547)	(9,944,813)	(15,310,775)	(19,117,418)
<b>Gross profit</b>		<u>(2,218,809)</u>	<u>1,975,809</u>	<u>(1,860,531)</u>	<u>2,909,308</u>
Other income	14	8,530	457,603	15,005	500,510
General and administrative expenses		(105,903)	(1,156,210)	(1,877,660)	(1,522,595)
Selling and distribution expenses		<u>(1,578,786)</u>	<u>(1,239,369)</u>	<u>(2,822,714)</u>	<u>(2,181,514)</u>
<b>(Loss)/profit for the period</b>		<u>(3,894,968)</u>	<u>37,833</u>	<u>(6,545,900)</u>	<u>(294,291)</u>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>(3,894,968)</u>	<u>37,833</u>	<u>(6,545,900)</u>	<u>(294,291)</u>
Basic and diluted (losses)/earnings per share	11	<u>(0.130)</u>	<u>0.001</u>	<u>(0.218)</u>	<u>(0.010)</u>

## Gulfa Mineral Water and Processing Industries Co. P.L.C.

### Interim condensed statement of changes in equity

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Accumulated losses AED	Total AED
<b>Balance At 1 January 2017</b>	30,000,000	5,887,566	234,067	1,217,013	37,338,646
Dividends declared (Note 16)	-	-	-	(1,200,000)	(1,200,000)
Loss for the period	-	-	-	(294,291)	(294,291)
<b>Balance at 30 June 2017</b> (Reviewed)	<u>30,000,000</u>	<u>5,887,566</u>	<u>234,067</u>	<u>(277,278)</u>	<u>35,844,355</u>
<b>Balance at 31 December 2017</b>	30,000,000	5,887,566	234,067	(6,456,442)	29,665,191
Impact of application of new accounting standard (Note 2.3)	-	-	-	(1,712,413)	(1,712,413)
<b>Balance at 1 January 2018</b>	<u>30,000,000</u>	<u>5,887,566</u>	<u>234,067</u>	<u>(8,168,855)</u>	<u>27,952,778</u>
Loss for the period	-	-	-	(6,545,900)	(6,545,900)
<b>Balance at 30 June 2018</b> (Reviewed)	<u>30,000,000</u>	<u>5,887,566</u>	<u>234,067</u>	<u>(14,714,755)</u>	<u>21,406,878</u>

The notes on pages 6 to 18 are an integral part of these financial statements.

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Interim condensed statement of cash flows

	Note	Six-month period ended 30 June	
		2018 AED (Reviewed)	2017 AED (Reviewed)
<b>Cash flows from operating activities</b>			
Loss for the period		(6,545,900)	(294,291)
<b>Adjustments for:</b>			
Depreciation		1,228,021	1,130,470
Amortisation		15,204	9,122
Gain on sale of property, plant and equipment	14	(76)	(320,000)
Reversal of provision for employees' end of service benefits		(361,424)	(361,721)
Provision for impairment of trade and other receivables		717,536	-
Provision for obsolete, slow moving, and defective inventories		1,720,717	-
<b>Operating cash flows before changes in working capital</b>		<u>(3,225,922)</u>	<u>163,580</u>
Payment of employees' end of service benefits		(599,694)	(302,589)
<b>Changes in working capital:</b>			
Trade and other receivables		1,937,837	(7,852,846)
Inventories		(964,012)	(1,633,127)
Due from related parties, net of transfer of employees' end of service benefits		(164,569)	(601,217)
Trade and other payables and provisions		1,112,725	753,306
Due to related parties		126,852	(1,669)
<b>Net cash used in operating activities</b>		<u>(1,776,783)</u>	<u>(9,474,562)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,512,857)	(524,185)
Proceeds from sale of property, plant and equipment		600	320,000
Purchase of intangibles		-	(107,000)
<b>Net cash used in investing activities</b>		<u>(1,512,257)</u>	<u>(311,185)</u>
<b>Cash flows from financing activity</b>			
Cash dividends distributed		-	(1,200,000)
<b>Net decrease in cash and cash equivalents</b>		<u>(3,289,040)</u>	<u>(10,985,747)</u>
Cash and cash equivalents, beginning of the period		7,183,247	15,491,054
<b>Cash and cash equivalents, end of the period</b>		<u>3,894,207</u>	<u>4,505,307</u>

### Non-cash transaction:

Trade and other receivables is net of the opening impact of IFRS 9 amounting to AED 1,712,413 (Note 2.3).

# **Gulfa Mineral Water and Processing Industries Co. P.L.C.**

## **Notes to the interim condensed financial information for the six-month period ended 30 June 2018**

### **1 General information**

Gulfa Mineral Water and Processing Industries Co. P.L.C. (the "Company") was established in Ajman by an Emiri decree number 13 issued by His Highness the Ruler of Ajman on 28 March 1977. The Company started its operations on 24 May 1977. The Company is a publicly listed company on the Dubai Financial Market since 17 April 2007. The Company's registered address is at Gulfa Street, P.O.Box 929, Ajman, United Arab Emirates.

The Company is 92.7% effectively owned subsidiary of Kuwait Food Company (Americana), a company incorporated in Kuwait (the "Parent Company"). The Ultimate parent of the Company is Adeptio AD Holdings SPC Ltd. ("Ultimate Parent Company"), a company incorporated in Dubai.

The Company's plant is in Muzeirah Street Masfout, P.O. Box 929, Ajman, United Arab Emirates. The main activities of the Company are production and bottling of mineral water, manufacturing and trading of juices, food stuff, preforms and screw caps.

As required by Securities and Commodities Authority (SCA) through their letter 411/2018 dated 9 July 2018 (Exposure to Abraaj Group Companies), we disclose that the Group does not have any exposure to Abraaj Group of companies and any of the funds that it manages.

### **2 Basis of preparation of half-year report**

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out in the next page.

This interim condensed financial statements for the six-month period ended 30 June 2018 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2017. The interim condensed financial statements does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The interim condensed financial statements should be read in conjunction with the annual financial statements as at and for the year ended 31 December 2017.

At 30 June 2018, the Company had net loss of AED 6,545,900 (2017: AED 294,291) and accumulated losses of AED 14,714,755 (2017: AED 6,456,442). The Parent Company has confirmed its intention to provide continuous financial support to the Company to enable it both to meet its obligations as and when they fall due and to carry on its business without a significant curtailment of its operations for a period of at least twelve months from the date of signing of these interim condensed financial statements. Accordingly, these interim condensed financial statements have been prepared on a going concern basis.

The interim condensed financial statements has been prepared under the historical cost convention.



# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.2 IFRS 15 Revenue from contracts with customers (continued)

- Progressive rebates – The Company provide progressive rebates to its customers whereby such customers are provided with additional discounts where they meet specified sales targets. Such discounts represent IFRS 15 variable consideration and will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Changes in accounting policies resulting from the adoption of IFRS 15 has not resulted in any material impact on the opening balance of retained earnings/equity as of 1 January 2018.

#### 2.3 IFRS 9 Financial instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

The Company has adopted IFRS 9 using a modified retrospective approach, with a date of initial application as of 1 January 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

All other assets that were previously classified as loans and receivables will now be classified as assets measured at amortised cost under IFRS 9. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

The adoption of IFRS 9 requires the recognition of impairment provisions based on the new impairment model - expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. This change has resulted an impact of AED 1,712,413 on opening balance of retained earnings/equity.

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 2 Summary of significant accounting policies (continued)

#### 2.3 IFRS 9 Financial instruments (continued)

The following table summarises the impact of adopting IFRS 9 and 15 on the Company's condensed interim statement of income for the six-month period ended 30 June 2018:

	Amounts without adoption of IFRS 9 and 15 AED	Adjustments AED	As reported 30 June 2018 AED
Revenue	14,666,127	(1,215,883)	13,450,244
Cost of revenue	(15,310,775)	-	(15,310,775)
<b>Gross profit</b>	(644,648)	(1,215,883)	(1,860,531)
Other income	15,005	-	15,005
General and administrative expenses	(2,486,054)	608,394	(1,877,660)
Selling and distribution expenses	(4,038,597)	1,215,883	(2,822,714)
<b>Loss for the period</b>	(7,154,294)	608,394	(6,545,900)

#### 2.4 Functional and presentation currency

Items included in the interim condensed financial statements of the Company are measured using the currency of primary economic environment in which the Company operates (the 'functional currency'). The interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the Company's functional and presentational currency.

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 3 Financial risk management

#### 3.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: market risk (including foreign exchange risk), credit risk and liquidity risk. The management carries out risk assessment for managing each of these risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The interim condensed financial statements does not include all financial risk management statements and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2017. There have been no changes in the risk management department or in any risk management policies since the year end.

##### (a) Credit risk

Credit risk arises from trade and other receivables (Note 6), due from related parties balances (Note 7) and cash and cash equivalents. The Company assesses the credit quality of its customers, taking into account their financial position, past experience and other factors.

The table below on the next page shows the credit rating at the end of the reporting period based on Moody's ratings for the main banking relationships:

<b>Rating</b>	<b>30 June 2018 AED (Reviewed)</b>	<b>31 December 2017 AED (Audited)</b>
Aa3	3,611,010	7,018,368
A3	96,114	96,114
	<u>3,707,124</u>	<u>7,114,482</u>

The cash on hand as at 30 June 2018 amounted to AED 187,083 (31 December 2017: 68,765).

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 3 Financial risk management (continued)

#### 3.1 Financial risk factors (continued)

##### (b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The table below presents the Company's financial liabilities which are all due within 12 months. The amounts disclosed in the table are the contractual undiscounted cash flows at maturity. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	<b>30 June 2018 AED (Reviewed)</b>	<b>31 December 2017 AED (Audited)</b>
<b>Financial liabilities</b>		
Trade and other payables	7,643,577	6,530,852
Due to related parties	172,559	45,707
<b>Total</b>	<u>7,816,136</u>	<u>6,576,559</u>

## Gulfa Mineral Water and Processing Industries Co. P.L.C.

Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 4 Equipment and vehicles

Cost	Land AED	Building AED	Machinery and equipment AED	Furniture and fixtures AED	Motor vehicles AED	Capital work-in- progress AED	Total AED
At 1 January 2017	243,000	20,000,972	50,208,067	2,383,593	2,519,368	3,829,809	79,184,809
Additions	-	-	497,093	64,603	73,890	-	635,586
Disposals	-	(3,160)	(3,830,030)	(152,759)	(101,500)	-	(4,087,449)
Transfers	-	-	3,784,769	-	-	(3,784,769)	-
Transfers to intangible assets	-	-	-	-	-	(45,040)	(45,040)
<b>At 31 December 2017 (Audited)</b>	<b>243,000</b>	<b>19,997,812</b>	<b>50,659,899</b>	<b>2,295,437</b>	<b>2,491,758</b>	<b>-</b>	<b>75,687,906</b>
Additions	-	-	286,658	16,450	-	1,209,749	1,512,857
Disposals	-	-	-	(3,590)	-	-	(3,590)
<b>At 30 June 2018 (Reviewed)</b>	<b>243,000</b>	<b>19,997,812</b>	<b>50,946,557</b>	<b>2,308,297</b>	<b>2,491,758</b>	<b>1,209,749</b>	<b>77,197,173</b>
<b>Accumulated depreciation</b>							
At 1 January 2017	-	14,270,951	45,979,075	2,055,178	2,445,769	-	64,750,973
Charge for the period	-	445,496	1,689,318	129,357	74,571	-	2,338,742
Disposals	-	(3,160)	(3,830,030)	(152,759)	(101,500)	-	(4,087,449)
<b>At 31 December 2017 (Audited)</b>	<b>-</b>	<b>14,713,287</b>	<b>43,838,363</b>	<b>2,031,776</b>	<b>2,418,840</b>	<b>-</b>	<b>63,002,266</b>
Charge for the period	-	222,092	913,069	65,546	27,314	-	1,228,021
Disposals	-	-	-	(3,066)	-	-	(3,066)
<b>At 30 June 2018 (Reviewed)</b>	<b>-</b>	<b>14,935,379</b>	<b>44,751,432</b>	<b>2,094,256</b>	<b>2,446,154</b>	<b>-</b>	<b>64,227,221</b>
<b>Net book amount</b>							
<b>At 30 June 2018 (Reviewed)</b>	<b>243,000</b>	<b>5,062,433</b>	<b>6,195,125</b>	<b>214,041</b>	<b>45,604</b>	<b>1,209,749</b>	<b>12,969,952</b>
<b>At 31 December 2017 (Audited)</b>	<b>243,000</b>	<b>5,284,525</b>	<b>6,821,536</b>	<b>263,661</b>	<b>72,918</b>	<b>-</b>	<b>12,685,640</b>

Capital work-in-progress mainly comprises of machinery and equipment that are being prepared for internal use.

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 5 Inventories

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Raw materials	3,750,630	2,655,202
Spare parts	2,564,412	2,475,235
Finished products	873,061	1,093,654
	<u>7,188,103</u>	<u>6,224,091</u>
Provision for obsolete, slow moving, and defective inventories	(1,967,228)	(246,511)
	<u>5,220,875</u>	<u>5,977,580</u>

### 6 Trade and other receivables

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Trade receivables	12,154,490	16,195,613
Provision for impairment of trade receivables	(7,278,819)	(5,394,439)
	<u>4,875,671</u>	<u>10,801,174</u>
Advances to suppliers	1,125,927	897,185
Provision for advances to suppliers	(748,473)	(202,904)
	<u>5,253,125</u>	<u>11,495,455</u>
Prepayments	1,857,537	283,782
Refundable deposits	782,332	782,332
Other receivables	300,789	-
	<u>8,193,783</u>	<u>12,561,569</u>

### 7 Related party balances and transactions

Related parties include the shareholders, Parent Company, Ultimate Parent Company, key management personnel, Directors and businesses including affiliates controlled directly or indirectly by the shareholders, Parent Company, Ultimate Parent Company and Directors or over which they exercise significant management influence. A fellow subsidiary is an entity which is under the common control of the Parent Company or Ultimate Parent Company.

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 7 Related party balances and transactions (continued)

#### (a) Related parties balances

		30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
<b>Due from related parties</b>	<b>Relationship</b>		
Gulf Food Industries Company	Fellow subsidiary	951,188	781,389
Egyptian Canning Company - Americana	Fellow subsidiary	300,000	300,000
		<u>1,251,188</u>	<u>1,081,389</u>

		30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
<b>Due to related parties</b>	<b>Relationship</b>		
Kuwait Food Company S.A.K (Americana) –Kuwait	Branch of Parent Company	59,956	43,814
Kuwait food Co. (Americana) - Main office	Fellow subsidiary	112,603	1,893
		<u>172,559</u>	<u>45,707</u>

#### (b) Related party transactions

During the period, the Company entered into the following transactions with related parties at mutually agreed prices:

		30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
<i>Gulf Food Industries Company</i>	<i>Fellow subsidiary</i>		
Recharges of salaries and other benefits		335,214	300,774
Recharges of general and administrative expenses		(165,415)	(64,319)
<i>Kuwait Food Company S.A.K. (Americana) -Kuwait</i>	<i>Fellow subsidiary</i>		
Recharges of salaries and other benefits		52,846	-
Sale of goods		37,569	-
<i>Kuwait food Co. (Americana) - Main Office</i>	<i>Fellow subsidiary</i>		
Recharges of general and administrative expenses		(110,710)	-

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 7 Related party balances and transactions (continued)

#### (b) Related party transactions (continued)

Relationship	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
<i>Egyptian Canning Company - Americana</i> Fellow subsidiary		
Sale of machinery	-	300,000

#### (c) Key management personnel

	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
Compensation to key management personnel comprises:		
Salaries and other short term employee benefits	52,846	359,044
End of service benefits	-	(524,506)
	<u>52,846</u>	<u>(165,462)</u>

### 8 Share capital

The Company's authorized share capital is AED 40 million as at 31 December 2017. The issued and fully paid up capital is AED 30 million comprising of 30 million shares with nominal value of AED 1 each (30 June 2017: 30 million shares with nominal value of AED 1 each). All shares are were paid in cash.

### 9 Statutory reserve

As required by the Company law of United Arab Emirates, 10% of the profit for the year is to be transferred to a statutory reserve up to 50% of the share capital.

The shareholders may resolve to discontinue such annual transfers as reserve equals one half of the share capital or in the event that loss was reported. This reserve is not available for distribution.

### 10 Voluntary reserve

In compliance with the Company's articles of association, the Board of Directors determines a percentage of net profit to be transferred to the voluntary reserve. The transfer may be stopped by a resolution adopted by the ordinary assembly of the Company as recommended by the Board of Directors. There are no restrictions on distribution from the voluntary reserve.



# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 11 Loss per share

	Three-month period ended		Six-month period ended	
	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
Loss for the period	(3,894,968)	37,833	(6,545,900)	(294,291)
Weighted average number of ordinary shares for purposes of basic earnings	30,000,000	30,000,000	30,000,000	30,000,000
Basic and diluted loss per share	(0.130)	0.001	(0.218)	(0.010)

Diluted losses per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. On 30 June 2018 and 2017, the Company did not have any such dilutive ordinary shares. Therefore, diluted losses per share equals the basic losses per share.

### 12 Trade and other payables and provisions

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Trade payables	2,969,928	2,380,063
Accruals	4,160,589	3,687,529
Provisions	500,665	441,926
Other payables	12,395	21,334
	<u>7,643,577</u>	<u>6,530,852</u>

### 13 Cost of sales

	Three-month period ended		Six-month period ended	
	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
Costs of goods sold	7,540,236	7,666,609	10,975,414	14,684,398
Staff costs	1,145,680	1,209,911	2,178,850	2,368,369
Depreciation	578,633	568,293	1,156,511	1,064,651
Ajman Government - Concession fee*	500,000	500,000	1,000,000	1,000,000
	<u>9,764,547</u>	<u>9,944,813</u>	<u>15,310,775</u>	<u>19,117,418</u>

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 13 Cost of sales (continued)

\*In accordance with the letter dated 8 February 2013, received from the Rulers' Court of Ajman, Ajman Government agreed to receive a sum of AED 2,000,000 as an annual concession fee for the use of natural resources from a land contributed by the Government for a period of three years effective 1 January 2013 to 31 December 2015. The above concession fee agreement has been extended until 31 December 2018.

### 14 Other income

	Three-month period ended		Six-month period ended	
	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)	30 June 2018 AED (Reviewed)	30 June 2017 AED (Reviewed)
Gain on disposal of property, plant and equipment	-	300,000	76	320,000
Others	8,530	157,603	14,929	180,510
	<u>8,530</u>	<u>457,603</u>	<u>15,005</u>	<u>500,510</u>

### 15 Financial instruments

The accounting policies for the financial instruments have been applied to the line items below:

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
<b>Financial assets</b>		
Due from related parties (Note 7)	1,251,188	1,081,389
Trade and other receivables (excluding advances to suppliers, prepayments and refundable deposits) (Note 6)	5,658,003	11,380,602
Cash and cash equivalents	3,894,207	7,183,247
	<u>10,803,398</u>	<u>19,645,238</u>

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
<b>Financial liabilities</b>		
Due to related parties (Note 7)	172,559	45,707
Trade and other payables (Note 12)	7,643,577	6,530,852
	<u>7,816,136</u>	<u>6,576,559</u>

# Gulfa Mineral Water and Processing Industries Co. P.L.C.

## Notes to the interim condensed financial information for the six-month period ended 30 June 2018 (continued)

### 16 Dividends

During the year, the Company declared and distributed a dividend of AED 0.04 per share amounting to AED 1,200,000. The Company has exhausted its retained earnings as a result of the dividends declared as of 31 December 2016. The ordinary general assembly of shareholders was held on 25 April 2017 who approved the financial statements for the year ended 31 December 2016 and unanimously declared the dividend to be paid.

### 17 Contingencies and commitments

	30 June 2018 AED (Reviewed)	31 December 2017 AED (Audited)
Letter of guarantee	300,000	300,000

### 18 Segment information

In determining the Company's operating segment, management has primarily considered the financial information in the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. Management has concluded that the Company has a single operating segment, being the production and bottling of mineral water, juices, soft drinks, food stuff, preforms and screw caps in the United Arab Emirates.

### 19 Re-arrangement of comparatives

The comparative figures have been reclassified to align with the current period classifications. These reclassifications do not have any impact on the results for the six-month period ended 30 June 2018 or the Company's net assets. The impact of these reclassifications is summarised in the table below:

	Six months ended 30 June 2017		
	As previously stated AED	Reclassifications AED	As reclassified AED
Cost of revenue	(18,117,567)	(999,851)	(19,117,418)
Provision no longer required	558,515	(558,515)	-
General and administrative expenses	(2,080,977)	558,382	(1,522,595)
Selling and distribution expenses	(2,181,498)	(16)	(2,181,514)
Concession fee provision provided by the Government	(1,000,000)	1,000,000	-
<b>Net statement of income impact</b>	<u>(22,821,527)</u>	<u>-</u>	<u>(22,821,527)</u>