

**Emirates Foodstuff and Mineral
Water Company PJSC “Agthia”**

Condensed consolidated interim financial statements

Period ended 31 March 2008

Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Condensed consolidated interim financial statements

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Independent auditors' report on the review of condensed consolidated interim financial information

The Shareholders
Emirates Foodstuff and Mineral Water Company PJSC "Agthia"

Introduction

We have reviewed the accompanying condensed consolidated interim balance sheet of Emirates Foodstuff and Mineral Water Company PJSC "Agthia" ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the three months period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Without qualifying our opinion, we draw your attention to Note 6 to the condensed consolidated interim financial statements. During 2008 the Group had acquired the assets and liabilities of Al Ain Vegetable Canning and Processing Factory. Management are currently in the process of evaluating the assets and liabilities of the subsidiary and, accordingly, the goodwill on acquisition cannot presently be determined. As a result, the subsidiary has not been included in these condensed consolidated financial statements but instead has been disclosed separately as part of Note 6.

23 APR 2008

KPMG
Munther Dajani
Registration No: 268

Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Condensed consolidated interim income statement

for the three months ended 31 March

	2008 AED'000	2007 AED'000
Revenue	185,921	131,866
Cost of sales	(144,044)	(108,245)
Gross profit	<u>41,877</u>	<u>23,621</u>
Other income	3,064	1,141
Selling and distribution expenses	(11,383)	(5,597)
General and administrative expenses	(15,594)	(10,997)
Results from operation activities	<u>17,964</u>	<u>8,168</u>
Finance income	479	875
Profit for the period	<u>18,443</u>	<u>9,043</u>
Earnings per share annualised (AED)	<u>0.12</u>	<u>0.06</u>

The notes on pages 6 to 9 form part of these condensed consolidated interim financial statements.

The independent report on review of condensed consolidated interim financial information is set out on page 1.

Emirates Foodstuff and Mineral Water Company PJSC "Agthia"

Condensed consolidated interim balance sheet

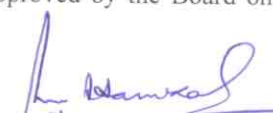
as at 31 March 2008

	31 March 2008 AED'000	31 December 2007 AED'000
Non-current assets		
Goodwill	92,986	82,181
Property, plant and equipment	339,588	333,917
Deferred acquisition expenses	2,964	2,964
Total non-current assets	435,538	419,062
Current assets		
Inventory	248,505	183,576
Trade and other assets	203,917	171,875
Due from related parties	343	12
Cash and cash equivalents	22,152	92,236
Total current assets	474,917	447,699
Current liabilities		
Overdraft	5,272	-
Bank loan	33,700	36,474
Due to related parties	35,507	32,818
Trade and other payables	94,157	74,093
Total current liabilities	168,636	143,385
Net current assets	306,281	304,314
Net assets	741,819	723,376
Equity		
Capital	600,000	600,000
Legal reserve	12,338	12,338
Retained earnings	129,481	111,038
Total equity	741,819	723,376

The condensed consolidated interim financial statements have been approved by the Board on 23-4-08 by:



Vice Chairman



Chief Financial Officer

The notes on pages 6 to 9 form part of these condensed consolidated interim financial statements.

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Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Condensed consolidated interim statement of changes in equity

for the three months ended 31 March 2008

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2007	600,000	8,523	76,705	685,228
Profit for the period	-	-	9,043	9,043
Balance 31 March 2007	600,000	8,523	85,748	694,271
Balance at 1 January 2008	600,000	12,338	111,038	723,376
Profit for the period	-	-	18,443	18,443
Balance at 31 March 2008	600,000	12,338	129,481	741,819

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Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Condensed consolidated interim statement of cash flows

for the three months ended 31 March 2008

	2008 AED'000	2007 AED'000
Operating activities		
Profit for the period	18,443	9,043
<i>Adjustments for:</i>		
Depreciation	5,636	6,154
Finance income	(479)	(875)
Provisions on inventories and receivables	(354)	1,400
	<u>23,246</u>	<u>15,722</u>
Change in inventories	(64,575)	22,890
Change in receivables and prepayments	(32,042)	(25,316)
Change in due from related parties	(331)	(17)
Change in due to related parties	20,064	(797)
Change in payables and accruals	2,689	(50,157)
	<u>(50,949)</u>	<u>(37,675)</u>
<i>Net cash used in operating activities</i>		
Investing activities		
Purchase of property, plant and equipment	(11,555)	(788)
Proceeds from disposal of property, plant and equipment	248	-
Purchase of goodwill	(10,805)	-
Finance income	479	875
	<u>(21,633)</u>	<u>87</u>
<i>Net cash from / (used in) investing activities</i>		
Financing activities		
Repayment of bank loan	(2,774)	-
	<u>(2,774)</u>	<u>-</u>
<i>Net cash from / (used in) Financing activities</i>		
Decrease in cash and cash equivalents	(75,356)	(37,588)
Cash and cash equivalents as at 1 January	92,236	124,174
Cash and cash equivalents as at 31 March	<u>16,880</u>	<u>86,586</u>

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Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Notes to the condensed consolidated interim financial statements

1 Legal status and principal activities

Emirates Foodstuff and Mineral Water Company PJSC “Agthia” (“the Company”) was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2005. General Holding Corporation PJSC owns 51% of the Company’s shares. The principal activities of the Company are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector in the United Arab Emirates (UAE).

The consolidated financial statements of the Company as at and for the three months ended 31 March 2007 comprise the Company and it’s below mentioned subsidiaries (together referred to as the “Group”).

Subsidiary	Country of incorporation	Share of equity (%)	Activity
Grand Mills for Flour and Animal Feed Company PJSC	UAE	100	Production and sale of flour and animal feed.
Al Ain Mineral Water Company PJSC	UAE	100	Production, bottling and sale of bottled water.

The registered address of the Group is P. O. Box 37725, Abu Dhabi, UAE.

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRSs) *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2007.

3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2007.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams (“AED”), which is the “functional currency”, rounded to the nearest thousand.

Government grants

Grants that compensate the Group for expenses/ losses incurred are recognised in the condensed consolidated interim income statement, as a deduction from the cost of goods sold, on systematic basis in the same period in which the expenses / losses are recognised.

Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Notes to the condensed consolidated interim financial statement

3 Significant accounting policies (continued)

Government grants (continued)

Cost of goods sold for all products as stated after the deduction of Abu Dhabi Government grant amounting to AED 64.7 million (*Nil for the three months ended 31 March 2007*), provided by the Government for holding the selling prices of its products to Abu Dhabi customers at August 2007 level.

4 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2007.

5 Financial risk management

The Group’s financial risk management objectives and policies are consisting with those disclosed in the financial statements as at and for the year ended 31 December 2007.

6 Acquisition of Al Ain Vegetable Canning and Processing Factory

During 2008, the Group acquired the assets and liabilities of Al Ain Vegetable Canning and Processing Factory, whose principal activities include the production and distribution of frozen vegetables, canned beans, tomato paste and juices. The assets, liabilities and results of the period for the subsidiary have not been included in the condensed consolidated interim financial statements of the Group, as management are still in the process of assessing the fair values of the assets and liabilities that were acquired on acquisition; and believe that the impact on consolidation would not be significant to the financial position of the Group.

Accordingly the results and operations of this subsidiary compared to the results of the Group for the trading period to 31 March 2008 are set out below:

Reporting period (AED’000)	Financial position and performance	Revenue	Expenses	Net profit / (loss)
Al Ain Vegetables Canning and Processing Factory	27,101	8,939	2,148	634
Agthia Group	741,819	185,921	26,977	18,443

Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Notes to the condensed consolidated interim financial statements

7 Segment Reporting (continued)

Segment information is presented in respect of the Group’s business segments. The primary format, business segments, is based on the Group’s management and internal reporting structure. The Group comprises two main business segments – Mineral Water and Flour & Animal Feed. The Group reports its primary segment information as follows:

	Mineral Water		Flour and Animal feed		Total	
	Three months ended		Three months ended		Three months ended	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	AED’000	AED’000	AED’000	AED’000	AED’000	AED’000
Turnover	28,041	18,137	157,880	113,729	185,921	131,866
Cost of sale	(17,045)	(11,197)	(126,999)	(97,048)	(144,044)	(108,245)
Gross profit	10,996	6,940	30,881	16,681	41,877	23,621
Other income					3,064	1,141
Sale and distribution expenses					(11,383)	(5,597)
General and administrative expenses					(15,594)	(10,997)
Results from operations activities					17,964	8,168
Finance income					479	875
Profit of the period					18,443	9,043

Emirates Foodstuff and Mineral Water Company PJSC “Agthia”

Notes to the Condensed consolidated interim financial statements

8 Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, related parties comprise the major shareholder, key management personnel, Directors of the Board and their related companies. In the normal course of business, the Group had various transactions with its related parties. Transactions are entered into with related parties on terms and conditions approved by either the Group’s management, or its Board of Directors.

Key management personnel compensation for the period was as follows:

	Three months ended 31 March 2008 AED’000	Three months ended 31 March 2007 AED’000
Short term employment benefits	4,334	2,712
Post employment benefits	89	109
	<u>4,423</u>	<u>2,821</u>

9 Capital commitments and contingent liabilities

	31 March 2008 AED’000	31 December 2007 AED’000
Capital commitment	30,755	-
Bank guarantees and letters of credit	<u>14,498</u>	<u>17,769</u>