



الإمارات للمرطبات
Emirates Refreshments

Detailed analysis of accumulated losses

Date:	09/08/2020
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	Q2'2020 (for the period ended 30 th June 2020)
Accumulated losses:	AED 7,573,333
Accumulated losses to capital ratio:	25.24%
The main reasons leading to these accumulated losses and their history:	<p>ح-The losses were accumulated over last two years in 2018 and 2019 totaling to AED 18.05M majorly due to reduction in volumes year on year as well as reduction in the net selling price due to price competition.</p> <p>Introduction of toll tax by Sharjah Municipality, in q4 2018 on transportation of goods from our manufacturing unit located at Hatta and Dibba resulted in further worsening of bottom line.</p> <p>Post approval by shareholders at AGM held on 22nd June'20, the Statutory and obligatory reserves were merged with the accumulated losses.</p> <p>Spread of Coronavirus pandemic caused disruption of economic and business activities across the geographies. Company too got effected badly due to economic slowdown thereby resulted in decline in sales by 51% in Q2'2020 vs same period previous year.</p> <p>Further in compliance of IFRS 9, company had to take the provision for expected credit loss, resulting in increase in provision in Q2'2020.</p>
Measures to be taken to address accumulated losses:	<p>The cost saving initiatives taken in the last quarter of 2019 by way of optimizing and eliminating the fixed cost components, restructured and rationalized the distribution routes and fleets, restructured human resources and shutdown of one of the manufacturing facility has resulted in sizeable reduction in the net losses in Q1 2020. The loss has reduced by 80% in Q1 2020 vs Q1 2019.</p> <p>Restructuring of Capital and cost optimization.</p>

Authorized signatory



ص.ب. 5567، دبي، إ.ع.م. • هاتف: 3335566 (+971 4) • فاكس: 3335558 (+971 4)
البريد الإلكتروني: info@erc.ae • الموقع الإلكتروني: www.erc.ae

P.O. Box 5567, Dubai, U.A.E. • Tel: (+971 4) 3335566 • Fax: (+971 4) 3335558
Email: info@erc.ae • website: www.erc.ae

No. 7782