

**Emirates Refreshments (P.S.C.) and its subsidiaries**

Condensed Consolidated Interim Financial Statements  
For the period ended June 30, 2020 (unaudited)

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

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**Grant Thornton  
United Arab Emirates**  
Rolex Tower  
Level 23  
Sheikh Zayed Road  
P.O. Box 1620  
Dubai

T +971 4 388 9925  
F +971 4 388 9915

## **REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF EMIRATES REFRESHMENTS (P.S.C.) AND ITS SUBSIDIARIES**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates Refreshments (P.S.C.) (“the Parent company”), and its subsidiaries (collectively referred to as the “Group”), which comprise the condensed consolidated interim statement of financial position as at June 30, 2020, and the related condensed consolidated interim statements of income, comprehensive income for the three and six months period then ended and changes in equity and cash flows for the six months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these condensed consolidated interim 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 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

  
Grant Thornton  
Farouk Mohamed  
Registration No.: 86



Grant Thornton  
P.O. Box: 1620  
DUBAI-U.A.E.  
Public Accountants

Dubai, United Arab Emirates  
August 9, 2020

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Consolidated statement of financial position**  
**As at June 30, 2020**

|                                     | Notes | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|-------------------------------------|-------|--|--|
| <b>ASSETS</b>                       |       |  |  |
| <b>Non-current</b>                  |       |  |  |
| Property, plant and equipment       | 5     | 5,042,203                              | 4,040,372                                |
| Investment properties               | 6     | 7,550,376                              | 2,900,000                                |
| Right-of-use assets                 | 7     | 5,432,084                              | 6,356,975                                |
| Investment securities               | 8     | 588,626                                | 1,538,818                                |
| Long-term prepayment                |       | 762,500                                | 793,000                                  |
|                                     |       | <u>19,375,789</u>                      | <u>15,629,165</u>                        |
| <b>Current</b>                      |       |  |  |
| Inventories                         | 9     | 5,045,994                              | 5,262,335                                |
| Trade and other receivables         | 10    | 6,867,269                              | 10,020,317                               |
| Amount due from a related party     | 14.3  | 639,235                                | -  |
| Cash and bank balances              | 11    | 15,654,254                             | 15,640,960                               |
| Non-current assets held for sale    |       | -                                      | 6,225,938                                |
|                                     |       | <u>28,206,752</u>                      | <u>37,149,550</u>                        |
| <b>TOTAL ASSETS</b>                 |       | <u>47,582,541</u>                      | <u>52,778,715</u>                        |
| <b>EQUITY AND LIABILITIES</b>       |       |  |  |
| <b>Equity</b>                       |       |  |  |
| Share capital                       |       | 30,000,000                             | 30,000,000                               |
| Statutory reserve                   |       | -                                      | 10,002,276                               |
| Obligatory reserve                  |       | -                                      | 1,500,000                                |
| Fair value reserve                  |       | 193,680                                | 911,984                                  |
| Accumulated losses                  |       | (7,573,333)                            | (16,304,094)                             |
|                                     |       | <u>22,620,347</u>                      | <u>26,110,166</u>                        |
| <b>Liabilities</b>                  |       |  |  |
| <b>Non-current</b>                  |       |  |  |
| Employees' end of service benefits  |       | 2,035,198                              | 2,075,602                                |
| Lease liabilities                   | 13    | 4,176,071                              | 5,120,303                                |
|                                     |       | <u>6,211,269</u>                       | <u>7,195,905</u>                         |
| <b>Current</b>                      |       |  |  |
| Trade and other payables            | 12    | 7,455,874                              | 9,555,441                                |
| Amount due to a related party       | 14.4  | -                                      | 412,797                                  |
| Lease liabilities                   | 13    | 2,225,410                              | 2,380,771                                |
| Bank overdraft                      | 11    | 9,069,641                              | 7,123,635                                |
|                                     |       | <u>18,750,925</u>                      | <u>19,472,644</u>                        |
| <b>Total liabilities</b>            |       | <u>24,962,194</u>                      | <u>26,668,549</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <u>47,582,541</u>                      | <u>52,778,715</u>                        |

The condensed consolidated interim financial statements have been approved by the Board of Directors on August 9, 2020, and signed on their behalf by:

  
 CFO

  
 CEO

  
 Director

  
 Chairman

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Consolidated statement of income**  
**For the six-month period ended June 30, 2020**

|  | Note | Six-month period<br>ended June 30, |  | Three-month period<br>ended June 30, |  |
|--|------|------------------------------------|--|--------------------------------------|--|
|  |      | 2020<br>AED<br>(Unaudited)         | 2019<br>AED<br>(Unaudited)<br>(Restated) | 2020<br>AED<br>(Unaudited)           | 2019<br>AED<br>(Unaudited)<br>(Restated) |
| Sales                                      |      | 13,762,703                         | 20,493,189                               | 5,664,013                            | 11,609,143                               |
| Less: discount and marketing expense       |      | (138,360)                          | (276,023)                                | (70,224)                             | (145,746)                                |
| Revenue                                    |      | 13,624,343                         | 20,217,166                               | 5,593,789                            | 11,463,397                               |
| Cost of sales                              |      | (7,781,707)                        | (15,570,098)                             | (3,241,287)                          | (8,657,210)                              |
| <b>GROSS PROFIT</b>                        |      | <b>5,842,636</b>                   | <b>4,647,068</b>                         | <b>2,352,502</b>                     | <b>2,806,187</b>                         |
| Selling and distribution expenses          |      | (5,281,980)                        | (6,946,902)                              | (2,555,734)                          | (3,475,172)                              |
| General and administrative expenses        |      | (4,078,792)                        | (3,385,172)                              | (2,646,351)                          | (1,579,197)                              |
| <b>OPERATING LOSS</b>                      |      | <b>(3,518,136)</b>                 | <b>(5,685,006)</b>                       | <b>(2,849,583)</b>                   | <b>(2,248,182)</b>                       |
| Finance expense                            |      | (337,446)                          | (448,376)                                | (158,562)                            | (233,057)                                |
| Finance income                             |      | 224,816                            | 339,627                                  | 125,755                              | 172,287                                  |
| Rental income                              | 6    | 668,796                            | 134,474                                  | 615,046                              | 57,942                                   |
| Depreciation on leased plant and machinery |      | (464,689)                          | -  | (464,689)                            | -  |
| Other income                               |      | 27,531                             | 53,144                                   | 12,984                               | 27,686                                   |
| <b>NET LOSS FOR THE PERIOD</b>             |      | <b>(3,399,128)</b>                 | <b>(5,606,137)</b>                       | <b>(2,719,049)</b>                   | <b>(2,223,324)</b>                       |
| Loss per share (in AED)                    | 4    | (0.113)                            | (0.187)                                  | (0.091)                              | (0.074)                                  |

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Consolidated statement of other comprehensive income**  
**For the six-month period ended June 30, 2020**

|  | Note | Six-month period<br>ended June 30, |   | Three-month period<br>ended June 30, |   |
|--|------|------------------------------------|---|--------------------------------------|---|
|  |      | 2020<br>AED<br>(Unaudited)         | 2019<br>AED<br>(Unaudited)<br><i>(Restated)</i> | 2020<br>AED<br>(Unaudited)           | 2019<br>AED<br>(Unaudited)<br><i>(Restated)</i> |
| <b>Loss for the period</b>   |      | <b><u>(3,399,128)</u></b>          | <b><u>(5,606,137)</u></b>                       | <b><u>(2,719,049)</u></b>            | <b><u>(2,223,324)</u></b>                       |
| <b>Other comprehensive income</b>  |      |                                    |   |                                      |   |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> |      |                                    |   |                                      |   |
| Net change in fair value of investment securities measured at FVOCI, equity instruments          | 8    | <b>(90,691)</b>                    | <b>(176,923)</b>                                | <b>29,593</b>                        | <b>(223,419)</b>                                |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>   |      | <b><u>(3,489,819)</u></b>          | <b><u>(5,783,060)</u></b>                       | <b><u>(2,689,456)</u></b>            | <b><u>(2,446,743)</u></b>                       |

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Emirates Refreshments (P.S.C.) and its subsidiaries  
Condensed consolidated interim financial statements

Consolidated statement of changes in equity  
For the six-month period ended June 30, 2020

|  | Share<br>capital<br>AED<br>(Unaudited) | Statutory<br>reserve<br>AED<br>(Unaudited) | Obligatory<br>reserve<br>AED<br>(Unaudited) | Fair value<br>reserve<br>AED<br>(Unaudited) | Accumulated<br>losses<br>AED<br>(Unaudited) | Total<br>AED<br>(Unaudited) |
|--|--|--|---|---|---|-----------------------------|
| Balance as of January 1, 2020  | 30,000,000                             | 10,002,276                                 | 1,500,000                                   | 911,984                                     | (16,304,094)                                | 26,110,166                  |
| Loss for the period  | -                                      | -  | -   | -   | (3,399,128)                                 | (3,399,128)                 |
| <i>Other comprehensive loss for the period</i>                           | -                                      | -  | -   | (90,691)                                    | -   | (90,691)                    |
| Transfer of fair value reserve of equity instruments designated at FVOCI | -                                      | -  | -   | (627,613)                                   | 627,613                                     | -                           |
| <b>Total comprehensive loss for the period</b>                           | -                                      | -  | -   | <b>(718,304)</b>                            | <b>(2,771,515)</b>                          | <b>(3,489,819)</b>          |
| Transfer of legal and obligatory reserves to accumulated losses*         | -                                      | (10,002,276)                               | (1,500,000)                                 | -   | 11,502,276                                  | -                           |
| <b>Balance as of June 30, 2020</b>                                       | <b>30,000,000</b>                      | <b>-</b>                                   | <b>-</b>                                    | <b>193,680</b>                              | <b>(7,573,333)</b>                          | <b>22,620,347</b>           |
| Balance as of January 1, 2019  | 30,000,000                             | 10,002,276                                 | 1,500,000                                   | 1,237,112                                   | (6,194,065)                                 | 36,545,323                  |
| Loss for the period  | -                                      | -  | -   | -   | (5,689,985)                                 | (5,689,985)                 |
| Restatement (note 18)  | -                                      | -  | -   | -   | 83,848                                      | 83,848                      |
| Other comprehensive loss for the period                                  | -                                      | -  | -   | (176,923)                                   | -   | (176,923)                   |
| Total comprehensive loss for the period (restated)                       | -                                      | -  | -   | (176,923)                                   | (5,606,137)                                 | (5,783,060)                 |
| <b>Balance as of June 30, 2019 (restated)</b>                            | <b>30,000,000</b>                      | <b>10,002,276</b>                          | <b>1,500,000</b>                            | <b>1,060,189</b>                            | <b>(11,800,202)</b>                         | <b>30,762,263</b>           |

\* The Group merged the statutory and obligatory reserve with accumulated losses based on the proposal of Parent Company's board of directors which was approved in the general assembly meeting held on June 22, 2020.

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Consolidated statement of cash flows**  
**For the six-month period ended June 30, 2020**

|  | Notes | Six-month period<br>ended June 30, |  |
|--|-------|------------------------------------|--|
|  |       | 2020<br>AED<br>(Unaudited)         | 2019<br>AED<br>(Unaudited)<br>(Restated) |
| <b>OPERATING ACTIVITIES</b>                                    |       |                                    |  |
| Loss for the period  |       | (3,399,128)                        | (5,606,137)                              |
| <i>Adjustments for:</i>  |       |                                    |  |
| Depreciation of property, plant and equipment                  | 5     | 1,221,424                          | 1,996,809                                |
| Depreciation of right-of-use assets                            | 7     | 924,891                            | 1,576,010                                |
| Amortisation of long-term prepayments                          |       | 30,500                             | 30,498                                   |
| Provision for employees' end of service benefits               |       | 162,707                            | 199,506                                  |
| Provision for doubtful debts                                   |       | 1,394,160                          | 107,530                                  |
| Provision for obsolete inventories                             |       | 61,587                             | 133,531                                  |
| Reversal of excess provision for obsolete inventories          |       | (278,874)                          | -  |
| Finance expense  |       | 337,446                            | 448,376                                  |
| Finance income   |       | (177,182)                          | (238,711)                                |
| Dividend income from investment securities                     |       | (47,634)                           | (100,916)                                |
| Gain on disposal of investments                                |       | (3,580)                            | -  |
|  |       | 226,317                            | (1,453,504)                              |
| <i>Working capital changes:</i>                                |       |                                    |  |
| Inventories  |       | 433,628                            | 2,555,728                                |
| Trade and other receivables                                    |       | 1,758,888                          | (165,930)                                |
| Due from a related party                                       |       | (639,235)                          | (2,411)                                  |
| Due to a related party   |       | (412,797)                          | -  |
| Trade and other payables                                       |       | (2,099,567)                        | (4,079,132)                              |
| <b>Cash used in operations</b>                                 |       | <b>(732,766)</b>                   | <b>(3,145,249)</b>                       |
| Employees' end of service benefits paid                        |       | (203,111)                          | (334,604)                                |
| <b>Net cash used in operating activities</b>                   |       | <b>(935,877)</b>                   | <b>(3,479,853)</b>                       |
| <b>INVESTING ACTIVITIES</b>                                    |       |                                    |  |
| Purchase of property, plant and equipment                      | 5     | (647,693)                          | (206,498)                                |
| Sale of investments  |       | 863,081                            | -  |
| Movement in fixed deposit from more than 3 months to 1 year    |       | -                                  | (154,495)                                |
| Dividend income received                                       |       | 47,634                             | 100,916                                  |
| Finance income received  |       | 177,182                            | 238,711                                  |
| <b>Net cash generated from/ (used in) investing activities</b> |       | <b>440,204</b>                     | <b>(21,366)</b>                          |
| <b>FINANCING ACTIVITIES</b>                                    |       |                                    |  |
| Finance expense paid   |       | (136,736)                          | (136,761)                                |
| Repayment of lease liabilities                                 | 13    | (1,300,303)                        | (1,565,818)                              |
| <b>Net cash used in financing activities</b>                   |       | <b>(1,437,039)</b>                 | <b>(1,702,579)</b>                       |
| <b>Net change in cash and cash equivalents</b>                 |       | <b>(1,932,712)</b>                 | <b>(5,203,798)</b>                       |
| Cash and cash equivalents, beginning of the period             |       | (6,812,170)                        | (4,616,989)                              |
| <b>Cash and cash equivalents, end of the period</b>            | 11    | <b>(8,744,882)</b>                 | <b>(9,820,787)</b>                       |
| <b>Non-cash transactions</b>                                   |       |                                    |  |
| <b>Transfer from non-current assets held for sale</b>          |       |                                    |  |
| To property, plant and equipment                               |       | 1,575,562                          | -  |
| To investment properties                                       |       | 4,650,376                          | -  |

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.



## **Emirates Refreshments (P.S.C.) and its subsidiaries Condensed consolidated interim financial statements**

### **Notes to the consolidated financial statements For the six-month period ended June 30, 2020**

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#### **1 Legal status and nature of operations**

Emirates Refreshments (P.S.C.) (“the Parent Company”) is a Public Shareholding Company, incorporated in Dubai, United Arab Emirates under a decree issued by His Highness the Ruler of Dubai. The Parent Company is listed on the Dubai Financial Market. The Federal Law No. 2 of 2015, concerning commercial Companies has come into effect from July 1, 2015, replacing the Federal Law No.8 of 1984.

The principal activities of the Parent Company are bottling and selling mineral water and evaporated milk as well as manufacturing plastic bottles and containers. The Parent Company has two plants located in Dibba and Hatta, UAE. The Parent Company markets, distributes and sells its products across the UAE, other Middle East countries and Africa.

The registered address of the Parent Company is P.O. Box 5567, Dubai, UAE.

The Parent Company wholly owns two subsidiaries; Jeema Refreshments LLC and Emirates Refreshments LLC in the UAE. These subsidiaries are engaged in the trading of mineral water, juice, soft drinks and carbonated drinks.

#### **2 Basis of preparation**

The condensed consolidated interim financial statements for the six months period ended June 30, 2020 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as at December 31, 2019. In addition, results for the six-months period ended June 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

#### **Basis of consolidation**

The Group’s condensed consolidated interim financial statements consolidate those of the Parent Company and its Subsidiaries undertaking drawn up to June 30, 2020. Subsidiaries are all entities over which the Parent Company has control. Control is presumed to exist when the Company:

- has power over the investee;
- is exposed, or has right, to variable return from its investment with the investee; and
- has the ability to use its power to affect the return.

The financial statements of the Subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Parent Company and they are de-consolidated from the date that control ceases. The Subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated in full on consolidation, including unrealised gains and losses on transactions between them. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The condensed consolidated interim financial statements of the Group is presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Group.

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Notes to the consolidated financial statements (continued)**  
**For the six-month period ended June 30, 2020**

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**3 Operating segment information**

The Group operates in a single reporting segment of bottling, distribution and trading of mineral water and carbonated soft drink. All the relevant information relating to this reporting / operating segment is disclosed in the condensed consolidated interim statement of financial position, condensed consolidated interim income statement and notes to the condensed consolidated interim financial information.

Additional information required by IFRS 8, Segment Reporting, is disclosed below:

**a) Information about geographical segments**

During the period ended June 30, 2020 revenue from customers located in the Group's country of domicile (UAE) is AED 13.22 million (six-month period ended June 30, 2019: AED 18.45 million) and revenue from customers outside the UAE (foreign customers) is AED 0.54 million (six-month period ended June 30, 2019: AED 2.04 million).

**b) Major customers**

Revenue from one major customer amounts to AED 1.3 million (six-month period ended June 30, 2019: AED 1.3 million) of the Group's total revenues. There were no customers of the Group with revenues greater than 10% of the total revenue of the Group (six-month period ended June 30, 2019: AED Nil).

**4 Loss per share**

Basic loss per share is calculated by dividing the loss for the period attributable to the shareholders of the Parent Company amounting to AED 3.40 million (period ended June 30, 2019: Loss of AED 5.61 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended June 30, 2019: 30 million shares).

The Parent Company has not issued any instruments, which would have a dilutive impact on loss per share when exercised.

**5 Property, plant and equipment**

**Additions**

During the six-month period ended June 30, 2020, the Group acquired assets amounting to AED 0.648 million (six-month period ended June 30, 2019: AED 0.206 million).

During the period, the Group changed its intention to sell the Dibba Plant classified as held for sale and accordingly the plant, machinery and equipment's of AED 1,575,562 were transferred to property, plant and equipment.

**Depreciation**

The depreciation expense amounted to AED 1.221 million (six-month period ended June 30, 2019: AED 1.997 million).

**6 Investment properties**

Investment properties comprises of warehouses on leasehold land situated in Fujairah and building of Dibba plant located in Fujairah. These are re-valued independently each year.

During the period, the Group changed its intention to sell the Dibba Plant classified as held for sale and accordingly the building of AED 4,650,376 was transferred to investment properties.

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Notes to the consolidated financial statements (continued)**  
**For the six-month period ended June 30, 2020**

**6 Investment properties (continued)**

Effective date of revaluation was December 31, 2019. Revaluation was performed by valuer who is independent of the Group and possess relevant qualification and recent experience. The assumption used by the independent valuer to arrive at the fair values are explained in detail in note 16.

**Rental income from investment properties**

The Group has earned rental income for the period of AED 0.669 million (six-month period ended June 30, 2019: AED 0.134 million).

**7 Right-of-use assets**

|  | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|--|--|--|
| Opening balance  | 6,356,975                              | 11,125,694                               |
| Add: additions during the period/ year                       | -                                      | 45,955                                   |
| Less: depreciation for the period/ year                      | (924,891)                              | (2,717,533)                              |
| Less: termination of lease contracts during the period/ year | -                                      | (2,097,141)                              |
|  | <u>5,432,084</u>                       | <u>6,356,975</u>                         |

The Group has lease contracts for various items of land and motor vehicles.

**8 Investment securities**

|                             | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|-----------------------------|--|--|
| Opening balance             | 1,538,818                              | 1,863,946                                |
| Change in market fair value | (90,691)                               | (325,128)                                |
| Disposal of investment      | (859,501)                              | -  |
| Closing balance             | <u>588,626</u>                         | <u>1,538,818</u>                         |

Investment securities are held in equity securities listed on G.C.C. stock exchanges and classified as FVOCI under IFRS 9.

**9 Inventories**

|   | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|---|--|--|
| Raw materials                               | 2,324,743                              | 2,643,870                                |
| Finished goods                              | 1,132,862                              | 1,133,294                                |
| Spare parts                                 | 3,641,447                              | 3,782,267                                |
| Others                                      | 236,379                                | 258,911                                  |
|   | <u>7,335,431</u>                       | <u>7,818,342</u>                         |
| Less: provision for slow moving inventories | (2,289,437)                            | (2,556,007)                              |
|   | <u>5,045,994</u>                       | <u>5,262,335</u>                         |

**Emirates Refreshments (P.S.C.) and its subsidiaries**  
**Condensed consolidated interim financial statements**

**Notes to the consolidated financial statements (continued)**  
**For the six-month period ended June 30, 2020**

**10 Trade and other receivables**

|  | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|--|--|--|
| Trade receivables                          | 8,029,282                              | 9,738,280                                |
| Less: allowance for expected credit losses | <u>(3,183,559)</u>                     | <u>(1,789,399)</u>                       |
| Trade receivables, net                     | 4,845,723                              | 7,948,881                                |
| Other receivables                          | 592,922                                | 671,979                                  |
| Prepayments                                | 1,289,178                              | 1,321,467                                |
| Advances to suppliers                      | <u>139,446</u>                         | <u>77,990</u>                            |
|  | <u><u>6,867,269</u></u>                | <u><u>10,020,317</u></u>                 |

**11 Cash and bank balances**

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents comprise the following:

|  | June 30,<br>2020<br>AED<br>(Unaudited) | June 30,<br>2019<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|--|--|--|--|
| Cash on hand   | 86,000                                 | 84,000                                 | 71,000                                   |
| Other cash equivalents   | 62,972                                 | 49,483                                 | 54,086                                   |
| Cash at bank- current accounts   | 175,787                                | 448,903                                | 186,379                                  |
| Short-term deposits  | <u>15,329,495</u>                      | <u>15,329,495</u>                      | <u>15,329,495</u>                        |
| Cash and bank balances   | 15,654,254                             | 15,911,881                             | 15,640,960                               |
| Bank overdrafts*   | <u>(9,069,641)</u>                     | <u>(10,403,173)</u>                    | <u>(7,123,635)</u>                       |
| Less: Fixed deposit with original maturity of more than three months or hypothecated with bank | <u>(15,329,495)</u>                    | <u>(15,329,495)</u>                    | <u>(15,329,495)</u>                      |
| Cash and cash equivalents  | <u><u>(8,744,882)</u></u>              | <u><u>(9,820,787)</u></u>              | <u><u>(6,812,170)</u></u>                |

\*Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting to AED 15.175 million at June 30, 2020 (December 31, 2019: AED 15.175 million).

**12 Trade and other payables**

|                                     | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|-------------------------------------|--|--|
| Trade payables                      | 5,247,549                              | 6,812,935                                |
| Accrued expenses and other payables | 1,946,453                              | 2,305,368                                |
| Advances from customers             | 85,738                                 | 164,391                                  |
| VAT payable                         | <u>176,134</u>                         | <u>272,747</u>                           |
|                                     | <u><u>7,455,874</u></u>                | <u><u>9,555,441</u></u>                  |

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**13 Lease liabilities**

|  | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|--|--|--|
| Opening balance  | 7,501,074                              | 11,322,657                               |
| Add: additions during the period/ year                       | -                                      | 45,955                                   |
| Add: finance cost  | 200,710                                | 556,728                                  |
| Less: termination of lease contracts during the period/ year | -                                      | (2,123,891)                              |
| Less: payments during the period/ year                       | <u>(1,300,303)</u>                     | <u>(2,300,375)</u>                       |
|  | <u>6,401,481</u>                       | <u>7,501,074</u>                         |

Presented on statement of financial position as follows:

|             |                  |                  |
|-------------|------------------|------------------|
| Current     | 2,225,410        | 2,380,771        |
| Non-current | 4,176,071        | 5,120,303        |
|             | <u>6,401,481</u> | <u>7,501,074</u> |

**14 Related parties**

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

**14.1 Related party transactions**

|  | Six-month period<br>ended June 30, |                            | Three-month period<br>ended June 30, |                            |
|--|------------------------------------|----------------------------|--------------------------------------|----------------------------|
|  | 2020<br>AED<br>(Unaudited)         | 2019<br>AED<br>(Unaudited) | 2020<br>AED<br>(Unaudited)           | 2019<br>AED<br>(Unaudited) |
| <i>Entities under common control</i>                 |                                    |                            |                                      |                            |
| Sales  | 292,998                            | 17,579                     | 280,548                              | 7,918                      |
| Purchases of goods and services from a related party | (398,685)                          | (243,281)                  | (150,766)                            | (121,640)                  |
| Payment of expenses by a related party               | (1,257)                            | -                          | (1,071)                              | -                          |
| Payment of expenses on behalf of a related party     | 379,371                            | -                          | 369,321                              | -                          |
| Rental income  | 602,700                            | -                          | 602,700                              | -                          |
| <i>Key management personnel</i>                      |                                    |                            |                                      |                            |
| Sitting fees   | -                                  | 140,000                    | -                                    | -                          |

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**Notes to the consolidated financial statements (continued)**  
**For the six-month period ended June 30, 2020**

**14 Related parties (continued)**

**14.2 Compensation to key management personnel**

The remuneration of directors and other key members of management during the period was as follows:

|                                    | Six-month period<br>ended June 30, |                            | Three-month period<br>ended June 30, |                            |
|------------------------------------|------------------------------------|----------------------------|--------------------------------------|----------------------------|
|                                    | 2020<br>AED<br>(Unaudited)         | 2019<br>AED<br>(Unaudited) | 2020<br>AED<br>(Unaudited)           | 2019<br>AED<br>(Unaudited) |
| Short-term benefits                | -                                  | 279,276                    | -                                    | 139,638                    |
| Employees' end of service benefits | -                                  | 3,003                      | -                                    | 1,510                      |

**14.3 Amount due from a related party**

|                                    | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|------------------------------------|--|--|
| <i>Entity under common control</i> | 639,235                                | -  |

**14.4 Amount due to a related party**

|                                    | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|------------------------------------|--|--|
| <i>Entity under common control</i> | -                                      | 412,797                                  |

**15 Contingencies and commitments**

|                      | June 30,<br>2020<br>AED<br>(Unaudited) | December<br>31, 2019<br>AED<br>(Audited) |
|----------------------|--|--|
| Letters of credit    | -                                      | 1,703,321                                |
| Letters of guarantee | 55,000                                 | 55,000                                   |
| Capital commitments  | 151,962                                | 391,664                                  |

**16 Fair value measurement**

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include investment securities, amount due from a related party, trade and other receivables, and cash in hand and at bank. Financial liabilities of the Group include trade and other payables, lease liabilities, amount due to a related party and bank overdraft.

The fair values of financial instruments are not materially different from their carrying values.

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**For the six-month period ended June 30, 2020**

**16 Fair value measurement (continued)**

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

|  | June 30,<br>2020<br>AED     | Level 1<br>AED | Level 2<br>AED | Level 3<br>AED |
|--|-----------------------------|----------------|----------------|----------------|
| Investment securities measured at FVTOCI (Unaudited) | 588,626                     | 588,626        | -              | -              |
|  | December<br>31, 2019<br>AED | Level 1<br>AED | Level 2<br>AED | Level 3<br>AED |
| Investment securities measured at FVTOCI (Audited)   | 1,538,818                   | 1,538,818      | -              | -              |

**Fair value measurement of non-financial assets**

Fair value of investment properties has been determined by an independent valuer (the 'Expert') using market valuation approach, based on the current property market condition in the UAE. The market has been assessed by the Expert and certain internal data has been provided by the management, therefore, the fair valuation falls under level 3. Following are some key valuation inputs and assumptions:

| Approach                  | Fair value<br>(AED)                            | Key inputs     | Assumptions and data                                   |
|---------------------------|--|----------------|--|
| Market valuation approach | 7,550,376<br>(December 31, 2019:<br>2,900,000) | Source of data | Property brokers, internal research and web enquiries. |

**17 Significant events during reporting period**

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruptions to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment.

The Group is closely monitoring the situation to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

**Covid-19 impact on revenue**

Based on Group's initial assessment, overall revenue of the Group in quarter 2 declined by 51% as compared to previous period mainly due to closure of hotels, restaurants and cafeterias. Export sales also decreased by 83% as compared to the previous period. Within the modern trade channel, certain private label customers sales have also declined.

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For the six-month period ended June 30, 2020

**17 Significant events during reporting period (continued)**

**Covid-19 impact on measurement of Expected Credit Loss**

IFRS 9 framework requires the estimation of Expected Credit Loss ('ECL') based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the ECL from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. Even if the quantification of such increase in risk remains very difficult in the current uncertain environment and the absence of enough statistical historical data, certain additional loss allowances have been taken. An additional provision of AED 1.39 million was booked as a result of the assessment. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

**Covid-19 impact on impairment of non-financial assets**

The fair value of certain non-financial assets for the annual audited financial statements for the year ended December 31, 2019 were determined by the management based on the valuations performed by an independent valuation expert. However, the fair value of these non-financial assets in these condensed consolidated financial statements have been determined by the management internally based on prevailing market situation such as expected decline in sale prices, demand and other estimates such as estimated cash flows. Based on these factors, the management has concluded that the carrying amount of these non-financial assets is not significantly different than the fair value and hence no impairment is required. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

**18 Reclassification and restatement**

|   | As<br>previously<br>reported<br>AED | Reclassification<br>AED | Restatement<br>AED | As reclassified/<br>restated<br>AED |
|---|-------------------------------------|-------------------------|--------------------|-------------------------------------|
| <b>Six-month period ended June 30, 2019</b>   |                                     |                         |                    |                                     |
| Accumulated losses  | (11,884,050)                        | -                       | 83,848             | (11,800,202)                        |
| General and administrative expenses   | 3,469,020                           | -                       | (83,848)           | 3,385,172                           |
| <i>(Restatement is on account of reversal of depreciation charge due to change in accounting policy from cost model to fair value model for investment properties effective September 30, 2019)</i> |                                     |                         |                    |                                     |
| <b>Three-month period ended June 30, 2019</b>   |                                     |                         |                    |                                     |
| General and administrative expenses   | 1,621,121                           | -                       | (41,924)           | 1,579,197                           |
| <i>(Restatement is on account of reversal of depreciation charge due to change in accounting policy from cost model to fair value model for investment properties effective September 30, 2019)</i> |                                     |                         |                    |                                     |
| <b>As at December 31, 2019</b>  |                                     |                         |                    |                                     |
| Trade and other payables  | 9,910,250                           | (354,809)               | -                  | 9,555,441                           |
| Lease liabilities- current portion  | 2,025,962                           | 354,809                 | -                  | 2,380,771                           |
| <i>(Reclassification of accrued lease from trade and other payables to lease liabilities- current portion.)</i>   |                                     |                         |                    |                                     |

**Impact on loss per share**

|  | As<br>previously<br>reported<br>AED | As<br>restated<br>AED |
|--|-------------------------------------|-----------------------|
| Six-month period ended June 30, 2019   | (0.190)                             | (0.187)               |
| Three-month period ended June 30, 2019 | (0.076)                             | (0.074)               |