

EMIRATES REFRESHMENTS (P.S.C.)

**Review report and condensed
consolidated financial information
for the six-month period ended
30 June 2023**

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF EMIRATES REFRESHMENTS (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates Refreshments (P.S.C.) (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim *Financial Reporting* (IAS 34). 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 the 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 interim financial information of the Group is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration No. 717
07 August 2023
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2023**

| | Notes | 30 June 2023 AED (Unaudited) | 31 December 2022 AED (audited) |
|--|-------|---------------------------------------|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 8,349,021 | 8,295,095 |
| Investment properties | 6 | 3,380,000 | 3,380,000 |
| Right-of-use assets | 7 | 5,355,654 | 6,252,742 |
| Investment in financial assets | 8 | 1,212,316 | 1,111,600 |
| Total non-current assets | | 18,296,991 | 19,039,437 |
| Current assets | | | |
| Inventories | 9 | 9,212,830 | 6,454,206 |
| Trade and other receivables | 10 | 14,892,804 | 11,791,232 |
| Due from related parties | 11 | 9,211,504 | 795,287 |
| Investment in financial assets | 8 | 30,971,343 | 47,646,491 |
| Cash and cash equivalent | 12 | 267,297,396 | 270,489,854 |
| Total current assets | | 331,585,877 | 337,177,070 |
| Total assets | | 349,882,868 | 356,216,507 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 13 | 319,871,064 | 319,871,064 |
| Statutory reserve | 14 | 2,727,146 | 2,727,146 |
| Fair value reserve | | 817,367 | 716,651 |
| Retained earnings | | 5,298,238 | 13,187,244 |
| Total equity | | 328,713,815 | 336,502,105 |
| Non-current liabilities | | | |
| Provision for employees' end of service benefits | 15 | 1,841,025 | 1,718,700 |
| Lease liabilities | 16 | 5,668,037 | 6,192,412 |
| Total non-current liabilities | | 7,509,062 | 7,911,112 |
| Current liabilities | | | |
| Trade and other payables | 17 | 12,089,465 | 10,374,151 |
| Lease liabilities | 16 | 1,570,526 | 1,429,139 |
| Total current liabilities | | 13,659,991 | 11,803,290 |
| Total liabilities | | 21,169,053 | 19,714,402 |
| Total equity and liabilities | | 349,882,868 | 356,216,507 |

To the best of our knowledge, the financial information included in these interim condensed consolidated financial statements fairly presents in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the periods presented therein. The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on _____.



Director



Chairman

The accompanying notes form an integral part of the condensed consolidated financial information.

**Condensed consolidated statement of profit or loss
for the six-month period ended 30 June 2023**

| | Notes | Three months ended 30 June | | Six months ended 30 June | |
|---|-------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 2023 AED (unaudited) | 2022 AED (unaudited) | 2023 AED (unaudited) | 2022 AED (unaudited) |
| Revenues | | 9,033,588 | 7,954,464 | 18,277,350 | 15,548,728 |
| Less: Discount | | (8,100) | (17,575) | (31,159) | (20,152) |
| Revenue (net) | | 9,025,488 | 7,936,889 | 18,246,191 | 15,528,576 |
| Cost of sales | | (6,172,227) | (5,365,385) | (11,907,458) | (10,243,021) |
| Gross profit | | 2,853,261 | 2,571,504 | 6,338,733 | 5,285,555 |
| Selling and distribution expenses | | (2,755,759) | (2,802,902) | (5,286,946) | (5,407,616) |
| General and administrative expenses | | (1,254,383) | (1,031,036) | (2,312,070) | (2,232,227) |
| Operating loss for the period | | (1,156,881) | (1,262,434) | (1,260,283) | (2,354,288) |
| Finance cost | | (132,307) | (343,181) | (270,180) | (673,671) |
| Finance income | | 2,293,533 | 95,641 | 4,641,908 | 136,718 |
| Depreciation on leased plant and machinery | | - | (67,983) | - | (136,992) |
| Rental income | 6 | 35,715 | 35,715 | 71,429 | 71,429 |
| Loss on sale of investment | | (150,000) | - | (150,000) | - |
| Fair value loss of investment in financial assets classified as fair value through profit or loss | | (208,527) | 1,600,000 | (10,875,594) | (400,000) |
| Other income | | (84,735) | 142,513 | (46,286) | 253,413 |
| Net (loss)/profit for the period | | 596,798 | 200,271 | (7,889,006) | (3,103,391) |
| Basic and diluted (loss)/earning per share | 18 | 0.002 | 0.007 | (0.025) | (0.103) |

The accompanying notes form an integral part of the condensed consolidated financial information.

**Condensed consolidated statement of comprehensive income
for the six-month period ended 30 June 2023**

| | Note | <u>Three months ended 30 June</u> | | <u>Six months ended 30 June</u> | |
|--|----------|---|----------------------------|---|----------------------------|
| | | 2023 AED (unaudited) | 2022 AED (unaudited) | 2023 AED (unaudited) | 2022 AED (unaudited) |
| (Loss)/profit for the period | | 596,798 | 200,271 | (7,889,006) | (3,103,391) |
| Other comprehensive income | | | | | |
| <i>Items that will not be reclassified subsequently to statement of profit or loss</i> | | | | | |
| Fair value gain on investments in equity instruments designated as at FVTOCI | 8 | 34,391 | 124,628 | 100,716 | 94,836 |
| Total comprehensive (loss)/income for the period | | 631,189 | 324,899 | (7,788,290) | (3,008,555) |

The accompanying notes form an integral part of the condensed consolidated financial information.

**Condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2023**

| | Share capital | Statutory reserve | Fair value reserve | Retained earnings/ (Accumulated losses) | Total equity |
|--|--------------------|----------------------|-----------------------|--|--------------------|
| | AED | AED | AED | AED | AED |
| Balance at 1 January 2022 (audited) | 30,000,000 | 187,122 | 615,262 | (9,672,967) | 21,129,417 |
| Loss for the period | - | - | - | (3,103,391) | (3,103,391) |
| Other comprehensive income for the period | - | - | 94,836 | - | 94,836 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the period | - | - | 94,836 | (3,103,391) | (3,008,555) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2022 (unaudited) | 30,000,000 | 187,122 | 710,098 | (12,776,358) | 18,120,862 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Balance at 1 January 2023 (audited) | 319,871,064 | 2,727,146 | 716,651 | 13,187,244 | 336,502,105 |
| Loss for the period | - | - | - | (7,889,006) | (7,889,006) |
| Other comprehensive income for the period | - | - | 100,716 | - | 100,716 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total comprehensive loss for the period | - | - | 100,716 | (7,889,006) | (7,788,290) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 30 June 2023 (unaudited) | 319,871,064 | 2,727,146 | 817,367 | 5,298,238 | 328,713,815 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form an integral part of the condensed consolidated financial information.

**Condensed consolidated statement of cash flows
for the six-month period ended 30 June 2023**

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2023 | 2022 |
| | AED | AED |
| | (unaudited) | (unaudited) |
| Cash flows from operating activities | | |
| Loss for the period | (7,889,006) | (3,103,391) |
| <i>Adjustments for:</i> | | |
| Depreciation of property, plant and equipment | 1,053,472 | 617,717 |
| Depreciation on right-of-use assets | 897,088 | 769,719 |
| Provision for employees' end of service benefits | 184,836 | 110,763 |
| Finance expense | 270,180 | 673,671 |
| Finance income | (4,641,908) | (79,556) |
| Dividend income from investment securities | (59,544) | (57,162) |
| Allowance for expected credit loss | (9,746) | 5,041 |
| Provision for obsolete inventories | 73,948 | 55,687 |
| Loss on sale of investment securities | 150,000 | - |
| Fair value loss of investment in financial assets classified as fair value through profit or loss | 10,875,594 | 400,000 |
| Gain on sale of property, plant and equipment | - | (116,892) |
| Operating cash flows before movements in working capital | 904,914 | (724,403) |
| (Increase)/decrease in inventories | (2,832,572) | 580,118 |
| Increase in trade and other receivables | (1,309,593) | (767,456) |
| Increase in amount due from a related party | (166,217) | (89,756) |
| Increase in amount due to a related party | - | 253,636 |
| (Decrease)/increase in trade and other payables | 1,760,171 | 877,510 |
| Cash (used in)/generated from operations | (1,643,297) | 129,649 |
| Employees' end of service benefits paid | (62,511) | (127,629) |
| Net cash (used in)/generated from operating activities | (1,705,808) | 2,020 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,107,397) | (267,640) |
| Purchase of investment securities | (2,600,446) | - |
| Proceeds from sale of property, plant and equipment | - | 119,048 |
| Dividend income received | 59,543 | 57,162 |
| Finance income received | 2,859,675 | 79,556 |
| Decrease in fixed deposits | 49,790,178 | - |
| Net cash generated from/(used in) investing activities | 49,001,553 | (11,874) |
| Cash flows from financing activities | | |
| Finance cost paid | (64,927) | (355,543) |
| Interest paid on the lease | (250,110) | (318,128) |
| Repayment of principal portion of lease liability | (382,988) | (951,544) |
| Net cash used in financing activities | (698,025) | (1,625,215) |
| Net increase/(decrease) in cash and cash equivalents | 46,597,720 | (1,635,069) |
| Cash and cash equivalents at beginning of the period | 5,160,359 | (7,089,493) |
| Cash and cash equivalents at end of the period (note 12) | 51,758,079 | (8,724,562) |
| Non-cash transactions | | |
| Sold investment securities recorded as due from related party | 8,250,000 | - |
| Transfer from investment property (note 6) | | |
| To property, plant and equipment | - | 6,197,500 |
| To right of use of an asset | - | 2,232,500 |

The accompanying notes form an integral part of the condensed consolidated financial information.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023****1 General information**

Emirates Refreshments (P.S.C.) (“the Company”) is a Public Shareholding Company, incorporated in Dubai, United Arab Emirates under a decree issued by His Highness the Ruler of Dubai. The Company is listed on the Dubai Financial Market.

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

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

The Company has two wholly owned 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 Application of new and revised International Financial Reporting Standards (IFRS)**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial statements**

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed consolidated interim financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

- IFRS 17 Insurance Contracts (effective from 1 January 2023).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (effective from 1 January 2023)
- Definition of Accounting Estimates (Amendments to IAS 8) (effective from 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (effective from 1 January 2023)
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) (effective from 1 January 2023)
- International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12) (effective from 1 January 2023)

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)****2.2 New and revised IFRS in issue but not yet effective**

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

The following new and revised IFRSs, that have been issued but are not yet effective:

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) (effective from 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to IAS 1) (effective from 1 January 2024)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) (effective from 1 January 2024)

The above stated new standards and amendments are not expected to have any significant impact on the condensed consolidated interim financial statements statement of the Group. There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed consolidated interim financial statements of the Group.

3 Summary of significant accounting policies**3.1 Statement of compliance**

The condensed consolidated financial information is prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and comply with the applicable requirements of the laws in the U.A.E. They do not include all 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 2022. In addition, results for six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

3.2 Basis of preparation

The condensed consolidated financial information is presented in UAE Dirhams (AED), which is the functional currency of the Group.

This condensed consolidated financial information has been prepared on the historical cost basis, except for financial asset carried at fair value through other comprehensive income (FVOCI), financial asset carried at fair value through profit or loss (FVPL) and investment property that carried at fair value.

3.3 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the new and revised standards and interpretations effective 1 January 2022 that are mentioned in Note 2.1.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

4 Use of judgements and estimates

The preparation of condensed consolidated financial information requires management to make judgement, estimates and assumptions that effect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the Group's annual financial statements as at and for the year ended 31 December 2022.

5 Property, plant and equipment

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|--|---|---|
| Property, plant and equipment at net carrying amount | 8,349,021 | 8,295,095 |

Additions:

During the six-months period ended 30 June 2023, the Group acquired assets amounting to AED 1.11 million (six-months period ended 30 June 2022: AED 0.27 million).

Depreciation:

The depreciation expense amounted to AED 1.05 million during the six-month period ended 30 June 2023 (six-month period ended 30 June 2022: AED 0.62 million).

6 Investment properties

Investment properties comprises of warehouses on leasehold land situated in Fujairah.

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| At 1 January | 3,380,000 | 11,810,000 |
| Loss on fair value of investment properties | - | - |
| Transfer to property plant and equipment (note 5) | - | (6,197,500) |
| Transfer to right of use of an asset (note 7) | - | (2,232,500) |
| | 3,380,000 | 3,380,000 |

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

6 Investment properties (continued)

Based on management assessment, the investment properties' fair value as of 30 June 2023 is not materially different to its fair value as at 31 December 2022. For disclosure purposes, these investment properties are being considered as Level 3.

Completed investment properties are stated at fair value, which has been determined based on valuations performed by an accredited independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of investment properties being valued. The valuation techniques adopted comprise the investment value method (2022: investment value method). The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors "RICS" valuation standards.

In June 2022, the Company changed its intention to use the Dibba Plant Warehouse, from leasing to a production facility. Accordingly, the building and right of use asset for land lease with fair value of AED 6.2 million and AED 2.23 million, respectively, were transferred from investment property to property plant and equipment and right of use asset.

The Group has earned rental income during the six-month period ended 30 June 2023 is AED 0.07 million (30 June 2022: AED 0.07 million).

7 Right-of-use of assets

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|--|---|---|
| At 1 January | 6,252,742 | 5,708,055 |
| Depreciation for the period/year | (897,088) | (1,687,813) |
| Transfer from investment property (note 6) | - | 2,232,500 |
| | <hr/> 5,355,654 <hr/> | <hr/> 6,252,742 <hr/> |

The Group has lease contracts for various items of land and motor vehicles used in its operations. The average lease term is 2-5 years (2022: 2-5 years).

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

8 Investment in financial assets

Financial assets carried at fair value through profit or loss and financial assets carried at fair value through other comprehensive income are classified as follows:

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| <i>Financial assets carried at fair value through profit and loss (“FVTPL”)</i> | | |
| Equity instruments – quoted | 30,971,343 | 47,646,491 |
| <i>Financial assets carried at fair value through other comprehensive income (“FVTOCI”)</i> | | |
| Equity instruments – quoted | 1,212,316 | 1,111,600 |

The classification of the investments in financial assets are as follows:

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|------------------------------|---|---|
| <i>FVTPL investments</i> | | |
| Current | 30,971,343 | 47,646,491 |
| <i>FVTOCI investments</i> | | |
| Non-current | 1,212,316 | 1,111,600 |
| Quoted securities | | |
| <i>FVTPL investments</i> | | |
| At the beginning of the year | 47,646,491 | 18,400,000 |
| Additions during the year | 2,600,446 | 284,232 |
| Disposal during the year | (8,250,000) | - |
| Loss on sale of investment | (150,000) | - |
| Changes in fair value | (10,875,594) | 28,962,259 |
| | 30,971,343 | 47,646,491 |
| <i>FVTOCI investments</i> | | |
| At 1 January | 1,111,600 | 1,010,211 |
| Changes in fair value | 100,716 | 101,389 |
| | 1,212,316 | 1,111,600 |

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

8 Investment in financial assets (continued)

These investments in equity securities are listed on Abu Dhabi Securities Exchange and Dubai Financial Markets Stock Exchanges. The fair value of the quoted equity securities is determined by reference to quoted market prices at the close of business at the end of the reporting date.

Dividend income received during the six-month period ending 30 June 2023 amounting to AED 0.06 million (2022: AED 0.06 million).

9 Inventories

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| Raw materials | 5,155,514 | 4,860,580 |
| Finished goods | 3,240,568 | 646,780 |
| Spare parts | 3,387,333 | 3,515,676 |
| Others | 297,680 | 225,487 |
| | <hr/> | <hr/> |
| | 12,081,095 | 9,248,523 |
| Less: provision for slow moving inventories | (2,868,265) | (2,794,317) |
| | <hr/> | <hr/> |
| | 9,212,830 | 6,454,206 |
| | <hr/> <hr/> | <hr/> <hr/> |

Movement in provision for slow moving inventories are as follows:

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|----------------------------|---|---|
| Balance at 1 January | 2,794,317 | 2,694,601 |
| Charge for the period/year | 73,948 | 99,716 |
| | <hr/> | <hr/> |
| | 2,868,265 | 2,794,317 |
| | <hr/> <hr/> | <hr/> <hr/> |

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

10 Trade and other receivables

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| Trade receivables | 8,793,471 | 8,021,521 |
| Less : Allowance for expected credit losses | (2,130,223) | (2,120,477) |
| | <hr/> | <hr/> |
| Trade receivables, net | 6,663,248 | 5,901,044 |
| Interest receivable | 6,417,077 | 3,137,451 |
| Prepayments | 696,835 | 720,165 |
| Advances to suppliers | 769,870 | 15,768 |
| Other receivables | 345,774 | 2,016,804 |
| | <hr/> | <hr/> |
| | 14,892,804 | 11,791,232 |
| | <hr/> <hr/> | <hr/> <hr/> |

Movement in allowance for expected credit loss are as follows:

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|-------------------------------------|---|---|
| Opening balance | 2,120,477 | 2,176,450 |
| Net remeasurement of loss allowance | 9,746 | (55,973) |
| | <hr/> | <hr/> |
| | 2,130,223 | 2,120,477 |
| | <hr/> <hr/> | <hr/> <hr/> |

11 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.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

11 Related parties (continued)

Balances with related parties reflected in the condensed consolidated statement of financial position are as follows:

| | | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|--|---------------------|---|---|
| Due from related parties | Relationship | | |
| International Securities LLC | Common control | 8,257,215 | 92,458 |
| Al Ufuq Almalaki General Trading-Sole Proprietorship LLC | Common control | 302,462 | 389,889 |
| Life Line Drug Store L.L.C | Other related party | 304,874 | 167,089 |
| Trojan General Contracting L.L.C. | Common control | 146,057 | 116,049 |
| Keita Catering L.L.C | Other related party | 165,877 | 6,300 |
| Zee Store P.J.S.C | Common control | 28,970 | 20,444 |
| Cine Royal Cinema L.L.C | Common control | 2,940 | 1,102 |
| Alliance Foods Co. L.L.C | Common control | 287 | 1,956 |
| Somerian Health L.L.C | Common control | 2,822 | - |
| | | 9,211,504 | 795,287 |
| Advance/(receivables) from related party | | | |
| Quant Lase Lab L.L.C | Common control | 2,139,802 | (1,694,960) |
| FVTPL investments | Other related party | 30,971,343 | 47,646,491 |

Significant transactions with related parties are as follows:

| | Three-month period ended 30 June | | Six-month period ended 30 June | |
|--|---|----------------------------|---|----------------------------|
| | 2023 AED (unaudited) | 2022 AED (unaudited) | 2023 AED (unaudited) | 2022 AED (unaudited) |
| Sales to a related party | 707,866 | 325,254 | 1,455,156 | 677,345 |
| Purchases of goods and services from a related party | 2,166 | - | 2,602,611 | - |
| Payment of expenses on behalf of a related party | 2,843,611 | - | 4,956,335 | - |
| Sale of FVTPL investments | 8,250,000 | - | 8,250,000 | - |

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

11 Related parties (continued)

In June 2022, the Group signed an agreement with a joint venture company (“JV”) to provide supply of inventory to the latter. As part of the agreement, one of the owners of the JV, Quant Lase Lab L.L.C., a related party under common control, will provide financial support to the Group for its operational costs, purchase of raw materials and capital expenditures to be incurred in the first year of operation.

As at 30 June 2023, the sales transactions made to the JV amounted to AED 105,608.

12 Cash and bank balances

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|--|---|---|
| Cash on hand | 90,041 | 112,807 |
| Other cash equivalents | 79,115 | 75,523 |
| Cash at bank – current accounts | 51,588,923 | 4,972,029 |
| Short-term deposits | 215,539,317 | 265,329,495 |
| | <hr/> | <hr/> |
| Cash and bank balances | 267,297,396 | 270,489,854 |
| Less: fixed deposits with original maturity of more than six months but less than one year | (215,539,317) | (265,329,495) |
| Bank overdrafts | - | - |
| | <hr/> | <hr/> |
| Cash and cash equivalents in the statement of cash flows | 51,758,079 | 5,160,359 |
| | <hr/> <hr/> | <hr/> <hr/> |

In August 2022, the Company have increased its short-term fixed deposit by AED 250 million to earn an interest at prevailing market interest rate of 1.35% to 4.2%. In May 2023, the company has parked fixed deposit of AED 50 million in the current account for strategical investment opportunities.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

13 Share capital

The share capital of the Parent Company consists of fully paid ordinary shares with a par value of AED 1 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| Issued and fully paid up | | |
| 319.87 million ordinary shares of AED 1 each (2022: 30 million ordinary shares of AED 1 each) | 319,871,064 | 319,871,064 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Movement in share capital is as follows: | | |
| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
| As at 1 January | 319,871,064 | 30,000,000 |
| Additional capital contributed by shareholders* | - | 289,871,064 |
| | <hr/> <hr/> | <hr/> <hr/> |
| As at 31 December | 319,871,064 | 319,871,064 |
| | <hr/> <hr/> | <hr/> <hr/> |

*On 6 July 2022, SCA approved the increase in authorized share capital of the Company to 600 million ordinary shares of AED 1 each, and accordingly the company's issued capital has been increased from 30 million ordinary shares of AED 1 each to 319.87 million ordinary shares of AED 1 each.

14 Statutory reserve

In accordance with the UAE Federal Law No. (32) of 2021 and the Parent Company's Articles of Association, a minimum of 10% of the profit of the Group is to be allocated annually to a non-distributable statutory reserve. Such allocations may be ceased when the statutory reserve becomes equal to half of the share capital.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

15 Provision for employees' end of service benefits

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|--------------------------------------|---|---|
| At 1 January | 1,718,700 | 1,717,587 |
| Charge for the period/year | 184,836 | 281,298 |
| Payments made during the period/year | (62,511) | (280,185) |
| | 1,841,025 | 1,718,700 |

16 Lease liabilities

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---|---|---|
| Balance at the beginning of the period/year | 7,621,551 | 9,949,063 |
| Finance cost | 250,110 | 602,416 |
| Payments during the period/year | (633,098) | (2,929,928) |
| | 7,238,563 | 7,621,551 |
| Presented as: | | |
| Current | 1,570,526 | 1,429,139 |
| Non-current | 5,668,037 | 6,192,412 |

17 Trade and other payables

| | 30 June 2023 AED (unaudited) | 31 December 2022 AED (audited) |
|---------------------------------------|---|---|
| Trade payables | 7,772,033 | 8,771,258 |
| Accrued expenses and other payables | 1,849,632 | 1,453,690 |
| Advances from related party (note 11) | 2,139,802 | - |
| Advances from customers | 111,633 | 66,454 |
| Value added tax payable | 216,365 | 82,749 |
| | 12,089,465 | 10,374,151 |

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

18 Basic and diluted loss per share

Basic loss per share amounts is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period.

There are no dilutive securities, therefore diluted loss per share is the same as basic loss per share.

The following reflects the loss and share data used in the earnings per share computations:

| | Three-month period ended | | Six-month period ended | |
|---|--------------------------|-------------|------------------------|-------------|
| | 30 June | | 30 June | |
| | 2023 | 2022 | 2023 | 2022 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| (Loss)/profit for the period (AED) | 596,798 | 200,271 | (7,889,006) | (3,103,391) |
| Weighted average number of shares in issue | 319,871,064 | 30,000,000 | 319,871,064 | 30,000,000 |
| Basic and diluted (loss)/earnings per share (AED) | 0.002 | 0.007 | (0.025) | (0.103) |

19 Contingencies and commitments

| | 30 June | 31 December |
|----------------------|---------------|-------------|
| | 2023 | 2022 |
| | AED | AED |
| | (unaudited) | (audited) |
| Letter of guarantees | 55,000 | 55,000 |
| Capital commitments | 22,580 | 45,303 |
| Letters of credit | - | 1,276,853 |

20 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies of the Company since year end.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

20 Financial risk management (continued)

Liquidity risk

Compared to the consolidated financial statements for the year ended 31 December 2022, there were no material changes in the contractual undiscounted cash outflows of the financial liabilities.

Fair value estimation

Financial instruments comprise financial assets and financial liabilities.

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

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

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.

| | Level 1 AED | Level 2 AED | Level 3 AED | Total AED |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 30 June 2023 | | | | |
| Investment in financial assets | 32,183,659 | - | - | 32,183,659 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 31 December 2022 | | | | |
| Investment in financial assets | 48,758,091 | - | - | 48,758,091 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Fair value measurement of non-financial assets

Fair value of investment properties has been determined by an independent valuer (the “Valuer”) using market value 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. The following are the valuation technique and fair value hierarchy as at 30 June 2023 and 31 December 2022:

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)**

20 Financial risk management (continued)

Fair value measurement of non-financial assets (continued)

| | Fair value AED | Fair value hierarchy | Valuation technique | Sensitivity Analysis |
|-----------------------|---------------------------|---------------------------------|---|---|
| Investment properties | 3,380,000 | Level 3 | Investment value approach | A slight increase in the capitalization rate and estimated net operating income (NOI) would result in a significant decrease in fair value, and vice versa. |
| | (2022: 3,380,000) | | (2022: Investment value approach and depreciated replacement cost approach) | |

21 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2023 and 2022.

22 Operating segment information

The Group has three reportable segments, as described below, which are aligned with the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors review internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

- Corporate segment, which involves investing activities of the Group.
- Land and building leasing segment, which involves the segment of leasing investment property warehouses; and
- Operations segment, which involves the segment of bottling, distribution and trading of mineral water, and evaporated milk, tissues, and juices trading.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2023 (continued)****22 Operating segment information (continued)**

- Corporate segment's total assets pertain mainly to the investments in financial securities of the Group amounting to AED 32.18 million (2022: AED 48.76 million) and short-term fixed deposits amounting to AED 215.54 million (2022: AED 265.33 million). The segment's loss pertains mainly to fair value loss on revaluation of AED 10.86 million (June 2022: 0.4 million) resulting in segment net loss of AED 10.86 million (30 June 2022: 0.4 million).
- Land and building leasing segment's total assets pertain mainly to the investment properties of AED 3.38 million (2022: AED 3.38 million).
- Land and building leasing's income pertain mainly to rental income of AED 0.07 million (30 June 2022: AED 0.07million) and expenses incurred on the lease during the year is AED 0.06million (30 June 2022 AED 0.01million), and loss on fair value of investment properties of nil (30 June 2022: nil). The segment's net profit amounted to AED 0.01million (30 June 2022: Profit of AED 0.06 million).
- Operations segment's total assets pertain to the Group's total assets excluding the investment in financial securities and investment properties, and total liabilities excluding the short-term loan from related party. The segment's revenue pertains to the Group's revenue of AED 18.2 million (June 2022: AED 15.53 million), and expenses pertain to the Group's total expenses excluding interest expense and expenses incurred for real estate leasing segment. The segment's net loss amounted to AED 1.26 million (30 June 2022: AED 2.35 million).

There have been no intersegment revenue and expenses for the year-ended 30 June 2023 (2022: nil).

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

Information about geographical segments

During the period ended 30 June 2023, revenue from customers located in the Company's country of domicile (UAE) is AED 17.65 million (period ended 30 June 2022: AED 14.95 million) and revenue from customers outside UAE (foreign customers) is AED 0.63million (period ended 30 June 2022: AED 0.60 million).

Major customers

During the period ended 30 June 2023 and 2022, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.

23 Corporate income tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% could be applied to taxable income not exceeding a particular threshold or to certain types of entities, to be prescribed by way of a Cabinet Decision. The Corporate Tax Law is considered enacted for the period ended 30 June 2023 based on facts, circumstances and recent development in relation to the Cabinet of Minister's Decision No. 116 of 2022.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities, which will be applicable for the Group for the financial year beginning 1 January 2024.