

# **Emirates Refreshments (P.S.C.)**

## **UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2017**

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

### ***Introduction***

We have reviewed the accompanying interim condensed financial statements of Emirates Refreshments (P.S.C.) ("the Company"), which comprise the interim condensed statement of financial position as at 30 June 2017, and the related interim condensed statements of income, comprehensive income for the three and six months periods then ended and changes in equity and cash flows for the six month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial 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 condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:  
Ashraf Abu-Sharkh  
Partner  
Registration No.: 690

8 August 2017

Dubai, United Arab Emirates

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF INCOME

For the six month period ended 30 June 2017 (Unaudited)

|                                       | Note | <i>Six month period<br/>ended 30 June</i> |                     | <i>Three month period<br/>ended 30 June</i> |                     |
|---------------------------------------|------|---|---------------------|---|---------------------|
|                                       |      | <i>2017<br/>AED</i>                       | <i>2016<br/>AED</i> | <i>2017<br/>AED</i>                         | <i>2016<br/>AED</i> |
| Sales                                 |      | 26,861,464                                | 31,670,452          | 14,443,586                                  | 16,210,982          |
| Cost of sales                         |      | (16,434,773)                              | (18,264,719)        | (8,329,787)                                 | (9,323,130)         |
| <b>GROSS PROFIT</b>                   |      | <b>10,426,691</b>                         | <b>13,405,733</b>   | <b>6,113,799</b>                            | <b>6,887,852</b>    |
| Selling and distribution expenses     |      | (8,131,378)                               | (7,333,136)         | (4,105,668)                                 | (3,565,663)         |
| General and administrative expenses   |      | (3,705,449)                               | (3,525,635)         | (1,889,002)                                 | (1,783,747)         |
| <b>OPERATING (LOSS) / PROFIT</b>      |      | <b>(1,410,136)</b>                        | <b>2,546,962</b>    | <b>119,129</b>                              | <b>1,538,442</b>    |
| Finance expense                       |      | (59,796)                                  | (77,446)            | (34,327)                                    | (38,450)            |
| Finance income                        |      | 225,776                                   | 170,501             | 115,486                                     | 77,139              |
| Other income                          |      | 197,794                                   | 196,644             | 103,564                                     | 95,196              |
| <b>(LOSS) / PROFIT FOR THE PERIOD</b> |      | <b>(1,046,362)</b>                        | <b>2,836,661</b>    | <b>303,852</b>                              | <b>1,672,327</b>    |
| Earnings per share in AED             | 4    | <b>(0.035)</b>                            | 0.095               | <b>0.010</b>                                | 0.056               |

The attached notes 1 to 15 form part of these interim condensed financial statements.

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six month period ended 30 June 2017 (Unaudited)

|   | Note | <i>Six month period<br/>ended 30 June</i> |                     | <i>Three month period<br/>ended 30 June</i> |                     |
|---|------|---|---------------------|---|---------------------|
|   |      | <i>2017<br/>AED</i>                       | <i>2016<br/>AED</i> | <i>2017<br/>AED</i>                         | <i>2016<br/>AED</i> |
| <b>(Loss) / profit for the period</b>   |      | <b>(1,046,362)</b>                        | <b>2,836,661</b>    | <b>303,852</b>                              | <b>1,672,327</b>    |
| <b>Other comprehensive income</b><br><i>Other comprehensive income to be<br/>reclassified to profit or loss in<br/>subsequent periods</i> |      |   |                     |   |                     |
| Net change in fair value of<br>available-for-sale investments   | 7    | <b>(241,884)</b>                          | <b>(14,014)</b>     | <b>(248,089)</b>                            | <b>(124,098)</b>    |
| <b>Total other comprehensive<br/>income for the period</b>  |      | <b>(241,884)</b>                          | <b>(14,014)</b>     | <b>(248,089)</b>                            | <b>(124,098)</b>    |
| <b>TOTAL COMPREHENSIVE<br/>INCOME FOR THE PERIOD</b>  |      | <b>(1,288,246)</b>                        | <b>2,822,647</b>    | <b>55,763</b>                               | <b>1,548,229</b>    |

The attached notes 1 to 15 form part of these interim condensed financial statements.

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

|                                     | <i>Notes</i> | <b>30 June<br/>2017<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2016<br/>AED<br/>(Audited)</b> |
|-------------------------------------|--------------|---|---|
| <b>ASSETS</b>                       |              |   |   |
| <b>Non-current assets</b>           |              |   |   |
| Property, plant and equipment       | 5            | 18,741,706                                      | 21,247,017  |
| Investment properties               | 6            | 1,709,458                                       | 1,778,638   |
| Available-for-sale investments      | 7            | 2,539,679                                       | 2,781,563   |
| Long-term prepayment                |              | 945,500   | 976,000   |
|                                     |              | <u>23,936,343</u>                               | <u>26,783,218</u>                                 |
| <b>Current assets</b>               |              |   |   |
| Inventories                         | 8            | 9,181,258                                       | 7,935,328   |
| Trade and other receivables         | 9            | 12,066,456                                      | 8,132,900   |
| Due from a related party            | 12           | -   | 1,762,748   |
| Bank balances and cash              | 10           | 13,854,290                                      | 16,241,845  |
|                                     |              | <u>35,102,004</u>                               | <u>34,072,821</u>                                 |
| <b>TOTAL ASSETS</b>                 |              | <u><u>59,038,347</u></u>                        | <u><u>60,856,039</u></u>                          |
| <b>EQUITY AND LIABILITIES</b>       |              |   |   |
| <b>Equity</b>                       |              |   |   |
| Share capital                       |              | 30,000,000                                      | 30,000,000  |
| Statutory reserve                   |              | 10,002,276                                      | 10,002,276  |
| Obligatory reserve                  |              | 1,500,000                                       | 1,500,000   |
| Fair value reserve                  |              | 1,912,845                                       | 2,154,729   |
| Retained earnings                   |              | 1,961,003                                       | 6,322,365   |
| <b>Total equity</b>                 |              | <u>45,376,124</u>                               | <u>49,979,370</u>                                 |
| <b>Non-current liability</b>        |              |   |   |
| Employees' end of service benefits  |              | 2,917,015                                       | 2,778,334   |
|                                     |              | <u>2,917,015</u>                                | <u>2,778,334</u>                                  |
| <b>Current liabilities</b>          |              |   |   |
| Trade and other payables            | 11           | 8,324,030                                       | 8,098,335   |
| Bank overdraft                      | 10           | 2,421,178                                       | -   |
|                                     |              | <u>10,745,208</u>                               | <u>8,098,335</u>                                  |
| <b>Total liabilities</b>            |              | <u>13,662,223</u>                               | <u>10,876,669</u>                                 |
| <b>TOTAL EQUITY AND LIABILITIES</b> |              | <u><u>59,038,347</u></u>                        | <u><u>60,856,039</u></u>                          |

The interim condensed financial statements have been approved by the Board of Directors on 8 August 2017, and signed on their behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The attached notes 1 to 15 form part of these interim condensed financial statements.

## Emirates Refreshments (P.S.C.)

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2017 (Unaudited)

|   | Share capital<br>AED | Statutory reserve<br>AED | Obligatory reserve<br>AED | Fair value reserve<br>AED | Retained earnings<br>AED | Total<br>AED      |
|---|----------------------|--------------------------|---------------------------|---------------------------|--------------------------|-------------------|
| Balance as of 1 January 2017              | 30,000,000           | 10,002,276               | 1,500,000                 | 2,154,729                 | 6,322,365                | 49,979,370        |
| Loss for the period                       | -                    | -                        | -                         | -                         | (1,046,362)              | (1,046,362)       |
| Other comprehensive income for the period | -                    | -                        | -                         | (241,884)                 | -                        | (241,884)         |
| Total comprehensive income for the period | -                    | -                        | -                         | (241,884)                 | (1,046,362)              | (1,288,246)       |
| Dividend paid*                            | -                    | -                        | -                         | -                         | (3,000,000)              | (3,000,000)       |
| Directors' remuneration paid (Note 12)    | -                    | -                        | -                         | -                         | (315,000)                | (315,000)         |
| <b>Balance as of 30 June 2017</b>         | <b>30,000,000</b>    | <b>10,002,276</b>        | <b>1,500,000</b>          | <b>1,912,845</b>          | <b>1,961,003</b>         | <b>45,376,124</b> |
|   |                      |                          |                           |                           |                          |                   |
|   | Share capital<br>AED | Statutory reserve<br>AED | Obligatory reserve<br>AED | Fair value reserve<br>AED | Retained earnings<br>AED | Total<br>AED      |
| Balance as of 1 January 2016              | 30,000,000           | 9,650,497                | 1,500,000                 | 2,053,475                 | 4,956,353                | 48,160,325        |
| Profit for the period                     | -                    | -                        | -                         | -                         | 2,836,661                | 2,836,661         |
| Other comprehensive income for the period | -                    | -                        | -                         | (14,014)                  | -                        | (14,014)          |
| Total comprehensive income for the period | -                    | -                        | -                         | (14,014)                  | 2,836,661                | 2,822,647         |
| Dividend paid**                           | -                    | -                        | -                         | -                         | (1,500,000)              | (1,500,000)       |
| Directors' remuneration paid (Note 12)    | -                    | -                        | -                         | -                         | (300,000)                | (300,000)         |
| <b>Balance as of 30 June 2016</b>         | <b>30,000,000</b>    | <b>9,650,497</b>         | <b>1,500,000</b>          | <b>2,039,461</b>          | <b>5,993,014</b>         | <b>49,182,972</b> |

\* This relates to dividend for the year 2016 which was approved at Annual General Meeting on 1 March 2017 and was paid during the quarter ended 31 March 2017.

\*\* This relates to dividend for the year 2015 which was approved at Annual General Meeting on 14 April 2016 and was paid during the quarter ended 30 June 2016.

The attached notes 1 to 15 form part of these interim condensed financial statements.

## Emirates Refreshments (P.S.C.)

### INTERIM STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2017 (Unaudited)

|   | Notes | Six month period<br>ended 30 June |                    |
|---|-------|-----------------------------------|--------------------|
|   |       | 2017<br>AED                       | 2016<br>AED        |
| <b>OPERATING ACTIVITIES</b>                                 |       |                                   |                    |
| (Loss) / profit for the period                              |       | (1,046,362)                       | 2,836,661          |
| Adjustments for:  |       |                                   |                    |
| Depreciation  | 5     | 2,957,813                         | 3,122,448          |
| Depreciation of investment properties                       | 6     | 69,180                            | 69,178             |
| Amortisation of long term prepayments                       |       | 30,500                            | 30,500             |
| Provision for employees' end of service benefits            |       | 248,648                           | 418,729            |
| Finance expense   |       | 59,796                            | 77,446             |
| Finance income  |       | (100,084)                         | (44,809)           |
| Dividend income from available-for-sale investments         |       | (125,692)                         | (125,692)          |
|   |       | <u>2,093,799</u>                  | <u>6,384,461</u>   |
| Working capital changes:                                    |       |                                   |                    |
| Inventories   |       | (1,245,930)                       | 1,317,396          |
| Trade and other receivables                                 |       | (3,933,556)                       | 743,302            |
| Due from related party                                      |       | 1,762,748                         | (917,059)          |
| Trade and other payables                                    |       | 225,695                           | (6,774,896)        |
|   |       | <u>(1,097,244)</u>                | <u>753,204</u>     |
| Cash from operating activities                              |       | (1,097,244)                       | 753,204            |
| Employees' end of service benefits paid                     |       | (109,968)                         | (84,608)           |
|   |       | <u>(1,207,212)</u>                | <u>668,596</u>     |
| <b>INVESTING ACTIVITIES</b>                                 |       |                                   |                    |
| Purchase of property, plant and equipment                   | 5     | (457,701)                         | (1,297,357)        |
| Proceeds from sale of property, plant and equipment         |       | 5,200                             | -                  |
| Movement in fixed deposit from more than 3 months to 1 year |       | (75,984)                          | (6,194,975)        |
| Dividend income received                                    |       | 125,692                           | 125,692            |
| Finance income received                                     |       | 100,084                           | 44,809             |
|   |       | <u>(302,709)</u>                  | <u>(7,321,831)</u> |
| <b>FINANCING ACTIVITIES</b>                                 |       |                                   |                    |
| Finance expense paid  |       | (59,796)                          | (77,446)           |
| Dividends paid  |       | (3,000,000)                       | (1,500,000)        |
| Directors' remuneration paid                                | 12    | (315,000)                         | (300,000)          |
|   |       | <u>(3,374,796)</u>                | <u>(1,877,446)</u> |
| Net cash used in financing activities                       |       | (3,374,796)                       | (1,877,446)        |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                |       |                                   |                    |
|   |       | <u>(4,884,717)</u>                | <u>(8,530,681)</u> |
| Cash and cash equivalents at beginning of the period        |       | 3,015,265                         | 7,619,619          |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>                 | 10    | <u>(1,869,452)</u>                | <u>(911,062)</u>   |

The attached notes 1 to 15 form part of these interim condensed financial statements.

# Emirates Refreshments (P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

### 1 ACTIVITIES

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 Federal Law No. 2 of 2015, concerning commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No.8 of 1984.

The principal activities of the Company are bottling and selling mineral water and carbonated soft drinks 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.

### 2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY’S ACCOUNTING POLICIES

#### Basis of preparation

The interim condensed financial statements for the six months period ended 30 June 2017 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2016. In addition, results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2016. The adoption of the new and amended IFRS and IFRIC interpretations with effect from 1 January 2017 has had no effect on the interim financial statements of the Company.

### 3 OPERATING SEGMENT INFORMATION

The Company 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 interim condensed statement of financial position, interim condensed income statement and notes to the interim condensed financial information.

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

#### a) Information about geographical segments

During the period ended 30 June 2017 revenue from customers located in the Company’s country of domicile (UAE) is AED 25.8 million (six month period ended 30 June 2016: AED 28.9 million) and revenue from customers outside the UAE (foreign customers) is AED 1.1 million (six month period ended 30 June 2016: AED 2.7 million).

#### b) Major customers

Revenue from one major customer amounts to AED 4.3 million (period ended 30 June 2016: AED 3.8 million) of the Company’s total revenues. Apart from this customer, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company

### 4 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period attributable to the shareholders of the Company amounting to AED 1.05 million (period ended 30 June 2016: Profit of AED 2.84 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended 30 June 2016: 30 million shares).

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



## Emirates Refreshments (P.S.C.)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

#### 5 PROPERTY, PLANT AND EQUIPMENT

##### *Additions and disposal*

During the six month period ended 30 June 2017, the Company acquired assets amounting to AED 0.46 million (six month period ended 30 June 2016: AED 1.29 million). The depreciation expense amounted to AED 2.96 million (six month period ended 30 June 2016: AED 3.12 million).

#### 6 INVESTMENT PROPERTIES

Investment properties include warehouse buildings (6 sheds) transferred from the property, plant and equipment during 2014. The warehouse buildings were valued on an open market basis by an independent professional firm for property valuation. In their assessment report dated 31 December 2016, the fair value of the investment property is AED 2.8 million. The valuation of properties was carried out by independent valuer using market value basis of valuation taking into account transactional evidence, and prevailing market conditions.

Investment properties are measured at cost on initial recognition and subsequently using the 'cost model' in accordance with International Accounting Standard 40- "Investment Property" and its stated at cost less impairment losses, if any. The net book value of the investment property for the period ended is AED 1.7 million (six month period ended 30 June 2016: AED 1.84 million). The depreciation charge for the period ended is AED 69 thousand (six month period ended 30 June 2016: AED 69 thousand). The Company has earned rental income for the period of AED 0.139 million (six month period ended 30 June 2016: AED 0.136 million).

#### 7 AVAILABLE-FOR-SALE INVESTMENTS

|                             | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|-----------------------------|---|---|
| Opening balance             | 2,781,563                                       | 2,680,309   |
| Change in market fair value | (241,884)                                       | 101,254   |
| Closing balance             | <u>2,539,679</u>                                | <u>2,781,563</u>                                  |

Investments in available-for-sale financial assets are held in equity securities listed on G.C.C. stock exchanges.

#### 8 INVENTORIES

|   | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|---|---|---|
| Raw materials                               | 5,486,321                                       | 4,005,048   |
| Finished goods                              | 2,111,444                                       | 2,270,670   |
| Spare parts                                 | 3,791,693                                       | 3,579,963   |
| Others                                      | 261,606   | 270,221   |
|   | <u>11,651,064</u>                               | <u>10,125,902</u>                                 |
| Less: provision for slow moving inventories | (2,469,806)                                     | (2,190,574)                                       |
|   | <u>9,181,258</u>                                | <u>7,935,328</u>                                  |

## Emirates Refreshments (P.S.C.)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

#### 9 TRADE AND OTHER RECEIVABLES

|                                | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|--------------------------------|---|---|
| Trade receivables              | 9,851,223                                       | 6,901,628   |
| Less: allowance for impairment | (761,557)                                       | (731,557)   |
|                                | <u>9,089,666</u>                                | <u>6,170,071</u>                                  |
| Prepayments                    | 1,776,562                                       | 987,544   |
| Advances to suppliers          | 611,969   | 392,810   |
| Other receivables              | 588,259   | 582,475   |
|                                | <u><u>12,066,456</u></u>                        | <u><u>8,132,900</u></u>                           |

#### 10 CASH AND CASH EQUIVALENTS

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

|   | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|---|---|---|
| Cash at bank and on hand  | 512,458   | 2,977,799   |
| Other cash equivalents  | 39,268  | 37,466  |
| Short-term deposits   | 13,302,564                                      | 13,226,580  |
|   | <u>13,854,290</u>                               | <u>16,241,845</u>                                 |
| Bank overdrafts*  | (2,421,178)                                     | -   |
| Short-term deposits with original maturity<br>of more than three months | (13,302,564)                                    | (13,226,580)                                      |
| Cash and cash equivalents   | <u><u>(1,869,452)</u></u>                       | <u><u>3,015,265</u></u>                           |

\*Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting AED 10 million.

#### 11 TRADE AND OTHER PAYABLES

|                                     | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|-------------------------------------|---|---|
| Trade payables                      | 6,161,975                                       | 5,858,133   |
| Advance from customers              | 47,808  | 58,773  |
| Accrued expenses and other payables | 2,114,247                                       | 2,181,429   |
|                                     | <u><u>8,324,030</u></u>                         | <u><u>8,098,335</u></u>                           |

**12 RELATED PARTY TRANSACTIONS AND BALANCES**

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

**a Significant transactions with related parties:**

|   | <i>Six month period<br/>ended 30 June</i> |                                     |
|---|---|-------------------------------------|
|   | <i>2017<br/>AED<br/>(Unaudited)</i>       | <i>2016<br/>AED<br/>(Unaudited)</i> |
| Sales to a related party  | 1,393,504                                 | 1,030,507                           |
| Payment of expenses on behalf of a related party                | 50,613                                    | 90,488                              |
| Payment of expenses by a related party on behalf of the company | (91,576)                                  | -                                   |
|   | <u>1,352,541</u>                          | <u>1,120,995</u>                    |

**Compensation of key management personnel**

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

|                                    | <i>Six month period<br/>ended 30 June</i> |                                     |
|------------------------------------|---|-------------------------------------|
|                                    | <i>2017<br/>AED<br/>(Unaudited)</i>       | <i>2016<br/>AED<br/>(Unaudited)</i> |
| Short-term benefits                | 1,479,624                                 | 1,200,062                           |
| Employees' end of service benefits | 44,988                                    | 76,447                              |
| Directors' remuneration*           | 315,000                                   | 300,000                             |
| Directors' fees                    | 45,000                                    | 66,000                              |

\* Directors' remuneration of AED 0.315 million (2016: AED 0.30 million), which is governed by UAE Federal Law No (2) of 2015 was approved at Annual General Meeting on 1<sup>st</sup> March 2017 and was paid during the quarter ended 31 March 2017.

**b Due from a related party:**

|                     | <i>30 June<br/>2017<br/>AED<br/>(Unaudited)</i> | <i>31 December<br/>2016<br/>AED<br/>(Audited)</i> |
|---------------------|---|---|
|                     | <b>Other related party</b>                      |   |
| Unikai Foods (PJSC) | -   | 1,762,748   |

## Emirates Refreshments (P.S.C.)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2017 (Unaudited)

#### 13 OPERATING LEASE COMMITMENT

The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

|   | <b>30 June<br/>2017<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2016<br/>AED<br/>(Audited)</b> |
|---|---|---|
| Less than 1 year                            | 2,674,928                                       | 2,954,519   |
| Later than 1 year and no later than 5 years | 8,257,350                                       | 6,790,107   |
| Later than 5 years                          | 1,057,834                                       | 1,057,834   |
|   | <u>11,990,112</u>                               | <u>10,802,460</u>                                 |

#### 14 CONTINGENCIES AND COMMITMENTS

|                      | <b>30 June<br/>2017<br/>AED<br/>(Unaudited)</b> | <b>31 December<br/>2016<br/>AED<br/>(Audited)</b> |
|----------------------|---|---|
| Letter of guarantees | <u>750,000</u>                                  | <u>750,000</u>                                    |

#### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Company include available-for-sale investments, trade and other receivables, and cash in hand and at bank. Financial liabilities of the Company 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 Company 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.

##### Assets measured at fair value

|  | <b>30 June<br/>2017<br/>AED</b>     | <b>Level 1<br/>AED</b> | <b>Level 2<br/>AED</b> | <b>Level 3<br/>AED</b> |
|--|-------------------------------------|------------------------|------------------------|------------------------|
| Available-for-sale investments (Unaudited) | <u>2,539,679</u>                    | <u>2,539,679</u>       | <u>-</u>               | <u>-</u>               |
|  | <b>31 December<br/>2016<br/>AED</b> | <b>Level 1<br/>AED</b> | <b>Level 2<br/>AED</b> | <b>Level 3<br/>AED</b> |
| Available-for-sale investments (Audited)   | <u>2,781,563</u>                    | <u>2,781,563</u>       | <u>-</u>               | <u>-</u>               |