

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

## **UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2018**



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## **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 September 2018, and the related interim condensed statements of income, comprehensive income for the three and nine months period then ended and statements of changes in equity and cash flows for the nine months 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

13 November 2018

Dubai, United Arab Emirates

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF INCOME

For the nine month period ended 30 September 2018 (Unaudited)

	Note	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
		<i>2018 AED</i>	<i>2017 AED</i>	<i>2018 AED</i>	<i>2017 AED</i>
Sales		37,986,131	41,031,494	12,955,295	14,170,030
Less: Discount and marketing expense		(235,101)	(86,200)	(109,229)	(33,200)
<b>Revenue</b>		<b>37,751,030</b>	<b>40,945,294</b>	<b>12,846,066</b>	<b>14,136,830</b>
Cost of sales		(25,890,662)	(25,064,275)	(9,113,380)	(8,629,502)
<b>GROSS PROFIT</b>		<b>11,860,368</b>	<b>15,881,019</b>	<b>3,732,686</b>	<b>5,507,328</b>
Selling and distribution expenses		(11,187,040)	(12,045,028)	(3,870,623)	(3,966,651)
General and administrative expenses		(5,469,132)	(5,580,923)	(1,483,991)	(1,875,474)
<b>OPERATING (LOSS)</b>		<b>(4,795,804)</b>	<b>(1,744,932)</b>	<b>(1,621,928)</b>	<b>(334,797)</b>
Finance expense		(111,282)	(88,330)	(45,015)	(28,534)
Finance income		390,566	279,807	117,439	54,032
Other income		285,407	303,366	85,297	105,572
<b>(LOSS) FOR THE PERIOD</b>		<b>(4,231,113)</b>	<b>(1,250,089)</b>	<b>(1,464,207)</b>	<b>(203,727)</b>
Loss per share in AED	4	(0.141)	(0.042)	(0.049)	(0.007)

The attached notes 1 to 16 form part of these interim condensed financial statements.

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the nine month period ended 30 September 2018 (Unaudited)

	Note	<i>Nine-month period ended 30 September</i>		<i>Three-month period ended 30 September</i>	
		<i>2018 AED</i>	<i>2017 AED</i>	<i>2018 AED</i>	<i>2017 AED</i>
<b>LOSS FOR THE PERIOD</b>		<b>(4,231,113)</b>	<b>(1,250,089)</b>	<b>(1,464,207)</b>	<b>(203,727)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Net change in fair value of investment securities measured at FVOCI, equity instruments	7	(524,813)	-	(26,979)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Net change in fair value of available-for-sale investments	7	-	(180,210)	-	61,674
<b>TOTAL OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(524,813)</b>	<b>(180,210)</b>	<b>(26,979)</b>	<b>61,674</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(4,755,926)</b>	<b>(1,430,299)</b>	<b>(1,491,186)</b>	<b>(142,053)</b>

The attached notes 1 to 16 form part of these interim condensed financial statements.

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	<i>Notes</i>	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	14,299,121	16,631,060
Investment properties	6	1,540,702	1,640,277
Investment securities	7	2,217,161	2,741,974
Long-term prepayment		869,250	915,000
		<u>18,926,234</u>	<u>21,928,311</u>
<b>Current assets</b>			
Inventories	8	7,225,700	8,510,896
Trade and other receivables	9	14,216,679	10,959,800
Bank balances and cash	10	15,404,558	16,202,284
		<u>36,846,937</u>	<u>35,672,980</u>
<b>TOTAL ASSETS</b>		<u><u>55,773,171</u></u>	<u><u>57,601,291</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		1,590,327	2,115,140
Retained earnings		(3,919,293)	311,820
<b>Total equity</b>		<u>39,173,310</u>	<u>43,929,236</u>
<b>Non-current liability</b>			
Employees' end of service benefits		2,905,050	3,041,487
<b>Current liabilities</b>			
Trade and other payables	11	10,885,030	10,630,568
Bank overdraft	10	2,809,781	-
		<u>13,694,811</u>	<u>10,630,568</u>
<b>Total liabilities</b>		<u>16,599,861</u>	<u>13,672,055</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>55,773,171</u></u>	<u><u>57,601,291</u></u>

The interim condensed financial statements have been approved by the Board of Directors on 1 Nov 2018, and signed on their behalf by:

  
Director

  
Director

The attached notes 1 to 16 form part of these interim condensed financial statements.

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

### INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended 30 September 2018 (Unaudited)

	Share capital AED	Statutory reserve AED	Obligatory reserve AED	Fair value reserve AED	Retained earnings / (Accumulated losses) AED	Total AED
Balance as of 1 January 2018	30,000,000	10,002,276	1,500,000	2,115,140	311,820	43,929,236
Loss for the period	-	-	-	-	(4,231,113)	(4,231,113)
Other comprehensive income for the period	-	-	-	(524,813)	-	(524,813)
Total comprehensive loss for the period	-	-	-	(524,813)	(4,231,113)	(4,755,926)
<b>Balance as of 30 September 2018</b>	<b>30,000,000</b>	<b>10,002,276</b>	<b>1,500,000</b>	<b>1,590,327</b>	<b>(3,919,293)</b>	<b>39,173,310</b>
	Share capital AED	Statutory reserve AED	Obligatory reserve AED	Fair value reserve AED	Retained earnings AED	Total 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	-	-	-	-	(1,250,089)	(1,250,089)
Other comprehensive income for the period	-	-	-	(180,210)	-	(180,210)
Total comprehensive loss for the period	-	-	-	(180,210)	(1,250,089)	(1,430,299)
Dividend paid*	-	-	-	-	(3,000,000)	(3,000,000)
Directors' remuneration paid (Note 12)	-	-	-	-	(315,000)	(315,000)
Balance as of 30 September 2017	30,000,000	10,002,276	1,500,000	1,974,519	1,757,276	45,234,071

\* 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.

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the nine month period ended 30 September 2018 (Unaudited)

	Notes	Nine month period ended 30 September	
		2018 AED	2017 AED
<b>OPERATING ACTIVITIES</b>			
Loss for the period		(4,231,113)	(1,250,089)
Adjustments for:			
Depreciation	5	4,280,884	4,405,017
Depreciation of investment properties	6	99,575	103,770
Amortisation of long term prepayments		45,750	45,750
Provision for employees' end of service benefits		370,422	367,718
Finance expense		111,282	88,330
Finance income		(390,566)	(154,115)
Dividend income from investment securities		(110,271)	(125,692)
		<u>175,963</u>	<u>3,480,689</u>
Working capital changes:			
Inventories		1,285,196	1,132,564
Trade and other receivables		(3,256,879)	(3,158,001)
Due from related party		-	1,762,748
Trade and other payables		254,462	(2,913,101)
		<u>(1,541,258)</u>	<u>304,899</u>
Cash generated from operating activities		(1,541,258)	304,899
Employees' end of service benefits paid		(506,858)	(150,678)
		<u>(2,048,116)</u>	<u>154,221</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	5	(1,950,875)	(745,410)
Proceeds from sale of property, plant and equipment		1,930	5,200
Movement in fixed deposit from more than 3 months to 1 year		(3,644,528)	(110,051)
Dividend income received		110,271	125,692
Finance income received		390,566	154,115
		<u>(5,092,636)</u>	<u>(570,454)</u>
Net cash used in investing activities		(5,092,636)	(570,454)
<b>FINANCING ACTIVITIES</b>			
Finance expense paid		(111,282)	(88,330)
Dividends paid		-	(3,000,000)
Directors' remuneration paid	12	-	(315,000)
Bank overdraft	10	2,809,781	-
		<u>2,698,499</u>	<u>(3,403,330)</u>
Net cash used in financing activities		2,698,499	(3,403,330)
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,442,253)</b>	<b>(3,819,563)</b>
Cash and cash equivalents at beginning of the period		4,846,812	3,015,265
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>		<b>(404,559)</b>	<b>(804,298)</b>

The attached notes 1 to 16 form part of these interim condensed financial statements.

# Emirates Refreshments (P.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (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 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 nine months period ended 30 September 2018 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 2017. In addition, results for the nine months period ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

#### **New standards, interpretations and amendments thereof, adopted by the Company**

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 financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

As required by IAS 34, the nature and effect of these changes are disclosed below.

#### **IFRS 15 – Revenue from Contracts with customers**

This standard on revenue recognition replaces IAS 11, ‘Construction Contracts’ and IAS 18, ‘Revenue’ and related interpretations. IFRS 15 is more prescriptive, provides detailed guidance on revenue recognition and reduces the use of judgement in applying the revenue recognition policies and practices as compared to the replaced IFRS and related interpretations. It establishes a five step model to account for revenue arising from contracts with customers.

Revenue is recognised when a customer obtains control of goods or services. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the goods or services. The core principle of IFRS 15 is that an entity recognizes revenue as it transfers the promised goods or services in an amount that reflects the consideration to which the entity to be entitled in exchange for those goods or services.

The Company has adopted IFRS 15 using the full retrospective method of adoption. The Company has assessed the impact of IFRS 15 and concluded that there has not been any significant impact on the financial position of the Company as at 31 December 2017.

#### **(a) Sale of goods**

The Company’s contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing and amount of revenue recognition. However, the amount of revenue to be recognised was affected, as noted below.



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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

##### IFRS 15 – Revenue from Contracts with customers (continued)

###### (i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Prior to adoption of IFRS 15, the Company recognized revenue from the sale of goods measured at the fair value of the consideration received or receivable. If revenue cannot be reliably measured, the Company deferred revenue recognition until the uncertainty was resolved. Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is resolved.

###### - *Right of return*

The Company's contract with a customer provides a right to return the good within the specified period. However, the amount of returns being immaterial, therefore, the impact on revenue recognition after adoption of IFRS 15 is not significant.

###### - *Volume rebates*

The Company provides retrospective volume rebates to its certain customers on certain products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. Prior to adoption of IFRS 15, the Company estimates the expected volume rebates using the probability weighted average amount of rebates approach and includes them in Trade and other payables. These amounts are subsequently offset against amounts receivable from customers.

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company considered that the most likely amount method better predicts the amount of variable consideration for contracts with only a single volume threshold while for contracts with more than one volume threshold it has applied either the expected value method or the most likely amount method, depending on which of them better predicts the amount of variable consideration for the particular type of contract.

###### (ii) Consideration paid or payable to customers

The Company pays slotting fees, listing fees and promotions fee to its customers for providing various display and promotional services. The Company believes that certain services provided by its customers and based on the arrangements are distinct or not distinct from the goods sold to them. The Company assess the nature of these services and if considered not distinct to goods sold to customer, recognises revenue by appropriately reducing the transaction price.

###### (iii) Price concessions, free samples and other discounts

The Company provides price concessions and other discounts to its customers. Prior to adoption of IFRS 15, these concessions and discounts were considered as selling and distribution expense. However, after the adoption of IFRS 15, the Company assess the nature of these incentives and if considered not distinct to goods sold to customer, recognizes revenue by appropriately reducing the transaction price.

The Company has recorded an adjustment in revenue by reducing it by AED 235,101 (for the nine months ended 30 September 2017: AED 86,200) which prior to adoption of IFRS 15 were recorded as selling and distribution expenses.

The Company has assessed the disclosure requirements of IFRS 15 and as there has been no change in the timing of revenue recognition and its assessment of reportable segment therefore, it has concluded that IFRS 15 has no significant impact on disclosures in the condensed financial statements.

##### IFRS 9 Financial Instruments

The Company has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application of 1 January 2018. The requirements of IFRS 9 represents a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

##### IFRS 9 Financial Instruments (continued)

###### *Classification and measurement*

The new standard requires all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories has been replaced by: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI), and amortised cost.

IFRS 9 also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVTPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement.

The accounting for financial liabilities has largely remained similar to requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVTPL. Such movements are now presented in OCI with no subsequent reclassification to the statement of profit or loss, unless an accounting mismatch in profit or loss arises.

###### *Impairment of financial assets*

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9 requires the Company to record expected credit losses on all of its debt securities either on a 12-month or lifetime basis.

The Company has assessed that the impact of IFRS 9 is not material on the interim condensed financial statements of the Company as at the reporting date.

##### **Interpretation 22 – Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)**

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an activity pays or receives consideration in advance for foreign currency-denominated contracts. The Company has assessed that it does not have any material impact on the accounting policies, financial position or performance upon adoption of this Standard.

#### 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 September 2018 revenue from customers located in the Company's country of domicile (UAE) is AED 33.8 million (nine month period ended 30 September 2017: AED 39.3 million) and revenue from customers outside the UAE (foreign customers) is AED 4.2 million (nine month period ended 30 September 2017: AED 1.7 million).

##### b) Major customers

Revenue from one major customer amounts to AED 0.9 million (nine month period ended 30 September 2017: AED 6.9 million) of the Company's total revenues. There were no customers of the Company with revenues greater than 10% of the total revenue in nine month period ended 30 September 2018 (nine month period ended 30 September 2017: AED Nil million).

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 4 LOSS 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 4.23 million (period ended 30 September 2017: Loss of AED 1.25 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended 30 September 2017: 30 million shares).

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

#### 5 PROPERTY, PLANT AND EQUIPMENT

##### *Additions and disposal*

During the nine month period ended 30 September 2018, the Company acquired assets amounting to AED 1.96 million (nine month period ended 30 September 2017: AED 0.75 million). The depreciation expense amounted to AED 4.28 million (nine month period ended 30 September 2017: AED 4.41 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 2017, the fair value of the investment property is AED 2.72 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 30 September 2018 is AED 1.5 million (nine month period ended 30 September 2017: AED 1.7 million). The depreciation charge for the period ended is AED 0.099 million (nine month period ended 30 September 2017: AED 0.103 million). The Company has earned rental income for the period of AED 0.2 million (nine month period ended 30 September 2017: AED 0.2 million).

#### 7 INVESTMENT SECURITIES

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Opening balance	2,741,974	2,781,563
Change in market fair value	(524,813)	(39,589)
Closing balance	<u>2,217,161</u>	<u>2,741,974</u>

Investment securities are held in equity securities listed on G.C.C. stock exchanges.

On adoption of IFRS 9, effective 1 January 2018, the Company has classified the equity instruments investment securities as measured at FVOCI, previously classified as available-for-sale investments, and re-designated the related fair value reserve as at 1 January 2018 accordingly as not to be reclassified to profit and loss. The comparative information is presented under IAS 39 as previously reported in the annual financial statements of the Company under IAS 39, as the Company has elected not to restate comparative information on adoption of IFRS 9.

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

**8 INVENTORIES**

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Raw materials	3,308,006	5,568,910
Finished goods	2,057,331	1,467,350
Spare parts	3,836,467	3,798,244
Others	378,603	260,820
	<u>9,580,407</u>	<u>11,095,324</u>
Less: provision for slow moving inventories	<u>(2,354,707)</u>	<u>(2,584,428)</u>
	<u><u>7,225,700</u></u>	<u><u>8,510,896</u></u>

**9 TRADE AND OTHER RECEIVABLES**

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Trade receivables	12,216,173	9,432,028
Less: allowance for impairment	<u>(1,274,430)</u>	<u>(1,155,678)</u>
	<u>10,941,743</u>	<u>8,276,350</u>
Prepayments	1,689,132	1,253,072
Advances to suppliers	515,701	640,523
Excise tax receivable	202,560	-
Other receivables	867,543	789,855
	<u>14,216,679</u>	<u>10,959,800</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 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Cash at bank and on hand	363,486	2,765,430
Other cash equivalents	41,072	40,335
Short-term deposits	<u>15,000,000</u>	<u>13,396,519</u>
	<u>15,404,558</u>	<u>16,202,284</u>
Bank overdrafts	<u>(2,809,781)</u>	<u>-</u>
Less: Fixed deposit with original maturity of more than three months or hypothecated with bank	<u>(15,000,000)</u>	<u>(11,355,472)</u>
Cash and cash equivalents	<u><u>(2,405,223)</u></u>	<u><u>4,846,812</u></u>

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 11 TRADE AND OTHER PAYABLES

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Trade payables	8,327,425	8,730,964
VAT tax payable	263,499	-
Accrued expenses and other payables	2,294,106	1,899,604
	<u>10,885,030</u>	<u>10,630,568</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>Nine-month period ended 30 September</i>	
	<i>2018 AED (Unaudited)</i>	<i>2017 AED (Unaudited)</i>
Sales to a related party-	-	1,393,504
Payment of expenses on behalf of a related party-	-	50,613
Payment of expenses by a related party on behalf of the Company	-	(91,576)
	<u>-</u>	<u>1,352,541</u>

##### Compensation of key management personnel

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

	<i>Nine-month period ended 30 September</i>	
	<i>2018 AED (Unaudited)</i>	<i>2017 AED (Unaudited)</i>
Short-term benefits	1,627,290	2,314,043
Employees' end of service benefits	72,053	67,853
Directors' Remuneration*	-	315,000
Directors' fee	486,000	51,000
	<u>2,185,343</u>	<u>3,747,900</u>

\*Directors remuneration of AED Nil (2017: AED 0.315 million), which is governed by UAE Federal law No (2) of 2015

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 13 OPERATING LEASE COMMITMENT

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

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Less than 1 year	2,685,916	3,329,270
Later than 1 year and no later than 5 years	5,678,748	6,167,283
Later than 5 years	-	457,199
	<u>8,364,664</u>	<u>9,953,752</u>

#### 14 CONTINGENCIES AND COMMITMENTS

	<i>30 September 2018 AED (Unaudited)</i>	<i>31 December 2017 AED (Audited)</i>
Letter of guarantees	<u>750,000</u>	<u>750,000</u>
Letter of credit	<u>1,777,312</u>	<u>3,394,144</u>
Letter of credit	<u>150,000</u>	<u>150,000</u>

#### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Company include investment securities, 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.

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

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 September 2018 (Unaudited)

#### 15 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

##### Assets measured at fair value

	<i>30 September 2018 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
Investment securities measured at FVOCI (Unaudited)	<u>2,217,161</u>	<u>2,217,161</u>	<u>-</u>	<u>-</u>
	<i>31 December 2017 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
Available-for-sale investments (Audited)	<u>2,741,974</u>	<u>2,741,974</u>	<u>-</u>	<u>-</u>

#### 16 COMPARATIVE INFORMATION

On adoption of IFRS 15 during the period, the Company has reclassified certain selling and distribution expense as adjustment to revenue for the period. As the Company has adopted IFRS 15 under full retrospective method, certain selling and distribution expenses of prior year were reclassified as adjustment to prior period revenue as required by IFRS 15. Such reclassifications do not affect previously reported profit and equity. The details and impact of reclassification are as follows:

	<i>As previously reported AED</i>	<i>Reclassifications AED</i>	<i>As reported AED</i>
<i>Statement of comprehensive income</i>			
<i>For the nine months ended 30 September 2017</i>			
Revenue	41,031,494	(86,200)	40,945,294
Selling and distribution expenses	(12,131,228)	86,200	(12,045,028)
<i>For the three months ended 30 September 2017</i>			
Revenue	14,170,030	(33,200)	14,136,830
Selling and distribution expenses	(3,999,851)	33,200	(3,966,651)