

Emirates Refreshments (P.S.C.)

Unaudited Interim condensed Financial Statements
For the six-month period ended June 30, 2019

Emirates Refreshments (P.S.C.)
Interim condensed financial statements

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

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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 June 30, 2019, and the related interim condensed statements of income, comprehensive income for the three and six months period then ended and changes in equity and cash flows for the six months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these 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.

Other matter

The financial statements for the three months ended 31 March 2019 and for the year ended 31 December 2018 were reviewed and audited by another auditor who expressed an unmodified conclusion and opinion on those statements on May 13, 2019 and March 27, 2019 respectively.

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.

Emphasis of matter

We draw attention to note 16 which provide details on a rent dispute with a landlord, the probable outcome of which cannot be determined with reasonable certainty at the date of this report. Our conclusion is not qualified in respect of this matter.


Grant Thornton
Farouk Mohamed
Registration No.: 86
Dubai, August 3, 2019

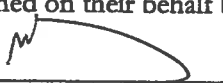


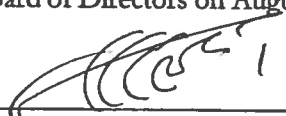
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Statement of financial position
As at June 30, 2019

	Notes	June 30, 2019 AED (Unaudited)	December 31, 2018 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	11,473,631	13,284,904
Investment properties	7	1,446,373	1,509,259
Right-of-use assets	8	9,595,639	-
Investment securities	9	1,687,023	1,863,946
Long-term prepayment		823,502	854,000
		<u>25,026,168</u>	<u>17,512,109</u>
Current assets			
Inventories	10	6,488,380	9,177,639
Trade and other receivables	11	11,930,996	11,905,408
Due from a related party	15.3	5,222	2,811
Bank balances and cash	12	15,911,881	15,727,549
		<u>34,336,479</u>	<u>36,813,407</u>
TOTAL ASSETS		<u>59,362,647</u>	<u>54,325,516</u>
EQUITY AND LIABILITIES			
Equity			
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		1,060,189	1,237,112
Accumulated losses		(12,871,705)	(7,181,720)
		<u>29,690,760</u>	<u>35,557,668</u>
Non-current liabilities			
Employees' end of service benefits		2,668,334	2,803,432
Lease liabilities	14	6,987,473	-
		<u>9,655,807</u>	<u>2,803,432</u>
Current liabilities			
Trade and other payables	13	6,485,971	10,794,878
Lease liabilities	14	3,126,936	-
Bank overdraft	12	10,403,173	5,169,538
		<u>20,016,080</u>	<u>15,964,416</u>
Total liabilities		<u>29,671,887</u>	<u>18,767,848</u>
TOTAL EQUITY AND LIABILITIES		<u>59,362,647</u>	<u>54,325,516</u>

The interim condensed financial statements have been approved by the Board of Directors on August 3, 2019, and signed on their behalf by:


 Director


 Director

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

Emirates Refreshments (P.S.C.)
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Statement of comprehensive income
For the six-month period ended June 30, 2019

	Note	Six-month period ended June 30,		Three-month period ended June 30,	
		2019 AED (Unaudited)	2018 AED (Unaudited)	2019 AED (Unaudited)	2018 AED (Unaudited)
Sales		20,493,189	25,030,835	11,609,143	13,864,947
Less: discount and marketing expense		(276,023)	(125,871)	(145,746)	(97,721)
Revenue		20,217,166	24,904,964	11,463,397	13,767,226
Cost of sales		(15,570,098)	(16,742,002)	(8,657,210)	(9,216,373)
GROSS PROFIT		4,647,068	8,162,962	2,806,187	4,550,853
Selling and distribution expenses		(6,946,902)	(7,260,855)	(3,475,172)	(3,735,746)
General and administrative expenses		(3,469,020)	(4,075,984)	(1,621,121)	(1,825,321)
OPERATING LOSS		(5,768,854)	(3,173,877)	(2,290,106)	(1,010,214)
Finance expense		(448,376)	(66,267)	(233,057)	(33,440)
Finance income		339,627	273,127	172,287	158,889
Other income		187,618	200,111	85,628	102,756
NET LOSS FOR THE PERIOD		(5,689,985)	(2,766,906)	(2,265,248)	(782,009)
Earnings per share (in AED)	5	(0.190)	(0.092)	(0.076)	(0.026)

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Statement of other comprehensive income
For the six-month period ended June 30, 2019

	Note	Six-month period ended June 30,		Three-month period ended June 30,	
		2019 AED (Unaudited)	2018 AED (Unaudited)	2019 AED (Unaudited)	2018 AED (Unaudited)
Loss for the period		(5,689,985)	(2,766,906)	(2,265,248)	(782,009)
Other comprehensive income					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Net change in fair value of investment securities measured at FVOCI, equity instruments	9	(176,923)	(497,834)	(223,419)	(180,037)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(5,866,908)	(3,264,740)	(2,488,667)	(962,046)

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

**Emirates Refreshments (P.S.C.)
Interim condensed financial statements**

**Statement of changes in equity
For the six-month period ended June 30, 2019**

	Share capital AED (Unaudited)	Statutory reserve AED (Unaudited)	Obligatory reserve AED (Unaudited)	Fair value reserve AED (Unaudited)	Accumulated losses AED (Unaudited)	Total AED (Unaudited)
Balance as of January 1, 2019	30,000,000	10,002,276	1,500,000	1,237,112	(7,181,720)	35,557,668
Loss for the period	-	-	-	-	(5,689,985)	(5,689,985)
Other comprehensive loss for the period	-	-	-	(176,923)	-	(176,923)
Total comprehensive loss for the period	-	-	-	(176,923)	(5,689,985)	(5,866,908)
Balance as of June 30, 2019	30,000,000	10,002,276	1,500,000	1,060,189	(12,871,705)	29,690,760
Balance as of January 1, 2018	30,000,000	10,002,276	1,500,000	2,115,140	311,820	43,929,236
Loss for the period	-	-	-	-	(2,766,906)	(2,766,906)
Other comprehensive loss for the period	-	-	-	(497,834)	-	(497,834)
Total comprehensive loss for the period	-	-	-	(497,834)	(2,766,906)	(3,264,740)
Balance as of June 30, 2018	30,000,000	10,002,276	1,500,000	1,617,306	(2,455,086)	40,664,496

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

Emirates Refreshments (P.S.C.)
Interim condensed financial statements

Statement of cash flows
For the six-month period ended June 30, 2019

	Notes	Six-month period ended June 30,	
		2019 AED (Unaudited)	2018 AED (Unaudited)
OPERATING ACTIVITIES			
Loss for the period		(5,689,985)	(2,766,906)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	2,017,771	2,877,382
Depreciation of investment properties	7	62,886	68,132
Depreciation of right-of-use assets	8	1,576,010	-
Amortisation of long-term prepayments		30,498	30,500
Provision for employees' end of service benefits		199,506	255,316
Finance expense		448,376	66,267
Finance income		(238,711)	(162,856)
Dividend income from investment securities		(100,916)	(110,271)
		<u>(1,694,565)</u>	<u>257,564</u>
<i>Working capital changes:</i>			
Inventories		2,689,259	1,138,237
Trade and other receivables		(58,400)	(2,124,920)
Due from a related party		(2,411)	-
Trade and other payables		<u>(4,079,132)</u>	<u>(1,251,769)</u>
Cash used in operations		(3,145,249)	(1,980,888)
Employees' end of service benefits paid		(334,604)	(431,176)
Net cash used in operating activities		(3,479,853)	(2,412,064)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(206,498)	(1,408,180)
Proceeds from sale of property, plant and equipment		-	7,419
Movement in fixed deposit from more than 3 months to 1 year		(154,495)	(3,644,528)
Dividend income received		100,916	110,271
Finance income received		238,711	162,856
Net cash used in investing activities		(21,366)	(4,772,162)
FINANCING ACTIVITIES			
Finance expense paid		(136,761)	(66,267)
Repayment of lease liabilities	14	(1,565,818)	-
Net cash used in financing activities		(1,702,579)	(66,267)
Net change in cash and cash equivalents		(5,203,798)	(7,250,493)
Cash and cash equivalents, beginning of the period		(4,616,989)	4,846,812
Cash and cash equivalents, end of the period		(9,820,787)	(2,403,681)

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

Emirates Refreshments (P.S.C.)
Interim condensed financial statements

Notes to the financial statements
For the six-month period ended June 30, 2019

1 Legal status and nature of operations

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 July 1, 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

The interim condensed financial statements for the six months period ended June 30, 2019 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 December 31, 2018. In addition, results for the six-months period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company financial statements for the year ended December 31, 2018, except for the adoption of new standards effective as of January 1, 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed financial statements of the Company.

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company has adopted IFRS 16 using the prospective approach as of January 1, 2019 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. All right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for prepaid or accrued lease expenses). Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis except the Dibba land, which has been extended up to the useful life of the assets situated on the land.

Emirates Refreshments (P.S.C.)
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Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

3 Standards, interpretations and amendments to existing standards (continued)

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

On adoption of IFRS 16 using the prospective approach as of January 1, 2019, as explained above, the Company recognised the following assets and liabilities:

	AED (Unaudited)
Leased assets based on future cashflows	11,092,882
Adjustment of prepayments	<u>32,812</u>
Right-of-use assets cost (note 8)	<u><u>11,125,694</u></u>
Leased liabilities based on future cashflows	(11,092,882)
Adjustment of accruals	<u>229,775</u>
Leased liabilities recognised (note 14)	<u><u>(11,322,657)</u></u>

There was no impact on the statement of equity of the Company as all right-of-use assets were measured at the amount of the lease liability based on further payments on the date of adoption (adjusted for prepaid or accrued lease expenses).

Following is the impact on the interim condensed statement of income for the six-month period ended June 30, 2019:

	AED (Unaudited)
Depreciation expense on right-of-use assets (under IFRS 16)	(1,576,010)
Finance costs (under IFRS 16)	(311,615)
Rental – operating lease (under IAS 17)	<u>1,714,371</u>
Net impact on profit for the period	<u><u>(173,254)</u></u>

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Emirates Refreshments (P.S.C.)
Interim condensed financial statements

Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

3 Standards, interpretations and amendments to existing standards (continued)

3.1 Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the respective lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of certain stores (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office vehicles that are considered of low value (i.e., below AED 18,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms of three or more years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of land and building due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one to three years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Company has a policy of leasing motor vehicles for not more than five years and hence not exercising any renewal options.

Emirates Refreshments (P.S.C.)
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Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

4 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 June 30, 2019 revenue from customers located in the Company's country of domicile (UAE) is AED 18.45 million (six-month period ended June 30, 2018: AED 22 million) and revenue from customers outside the UAE (foreign customers) is AED 2.04 million (six-month period ended June 30, 2018: AED 3 million).

b) Major customers

Revenue from one major customer amounts to AED 1.3 million (six-month period ended June 30, 2018: AED 1.68 million) of the Company's total revenues. There were no customers of the Company with revenues greater than 10% of the total revenue of the Company (six-month period ended June 30, 2018: AED Nil million).

5 Loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to the shareholders of the Company amounting to AED 5.69 million (period ended June 30, 2018: Loss of AED 2.7 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended June 30, 2018: 30 million shares).

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

6 Property, plant and equipment

Additions

During the six-month period ended June 30, 2019, the Company acquired assets amounting to AED 0.206 million (six-month period ended June 30, 2018: AED 1.48 million).

Depreciation

The depreciation expense amounted to AED 2.017 million (six-month period ended June 30, 2018: AED 2.88 million).

7 Investment properties

Depreciation

The depreciation charge for the period ended is AED 0.0629 million (six-month period ended June 30, 2018: AED 0.068 million).

Rental income from investment properties

The Company has earned rental income for the period of AED 0.134 million (six-month period ended June 30, 2018: AED 0.143 million).

Emirates Refreshments (P.S.C.)
Interim condensed financial statements

Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

8 Right-of-use assets

	AED (Unaudited)
At January 1, 2019 (Note 3)	11,125,694
Add: additions during the period	45,955
Less: depreciation for the period	<u>(1,576,010)</u>
At June 31, 2019	<u>9,595,639</u>

The Company has lease contracts for various items of land and motor vehicles. Before the adoption of IFRS 16, the Company classified each of its said leases (as lessee) at the inception date as operating leases. In an operating lease, the leased items were not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term.

9 Investment securities

	June 30, 2019 AED (Unaudited)	December 31, 2018 AED (Audited)
Opening balance	1,863,946	2,741,974
Change in market fair value through OCI	<u>(176,923)</u>	<u>(878,028)</u>
Closing balance	<u>1,687,023</u>	<u>1,863,946</u>

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

10 Inventories

	June 30, 2019 AED (Unaudited)	December 31, 2018 AED (Audited)
Raw materials	3,369,970	4,523,052
Finished goods	1,468,307	2,746,230
Spare parts	3,834,195	3,971,844
Others	<u>323,366</u>	<u>370,020</u>
	8,995,838	11,611,146
Less: provision for slow moving inventories	<u>(2,507,458)</u>	<u>(2,433,507)</u>
	<u>6,488,380</u>	<u>9,177,639</u>

Emirates Refreshments (P.S.C.)
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Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

11 Trade and other receivables

	June 30, 2019	December 31, 2018
	AED	AED
	(Unaudited)	(Audited)
Trade receivables	10,528,422	10,955,770
Less: allowance for impairment	(1,601,317)	(1,505,973)
	<u>8,927,105</u>	<u>9,449,797</u>
Prepayments	1,602,664	1,394,730
Advances to suppliers	309,665	19,908
Excise tax receivable	180,252	195,288
Other receivables	911,310	845,685
	<u><u>11,930,996</u></u>	<u><u>11,905,408</u></u>

12 Cash and cash equivalents

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

	June 30, 2019	December 31, 2018
	AED	AED
	(Unaudited)	(Audited)
Cash on hand	84,000	84,000
Other cash equivalents	49,483	44,204
Cash at bank- current accounts	448,903	424,345
Short-term deposits	15,329,495	15,175,000
Bank balance and cash	15,911,881	15,727,549
Bank overdrafts*	(10,403,173)	(5,169,538)
Less: Fixed deposit with original maturity of more than three months or hypothecated with bank	(15,329,495)	(15,175,000)
Cash and cash equivalents	<u><u>(9,820,787)</u></u>	<u><u>(4,616,989)</u></u>

*Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting to AED 15.175 million at June 30, 2019 (December 31, 2018: AED 6 million).

13 Trade and other payables

	June 30, 2019	December 31, 2018
	AED	AED
	(Unaudited)	(Audited)
Trade payables	3,949,398	8,273,066
Accrued expenses and other payables	2,223,198	2,326,544
VAT payable	313,375	195,268
	<u><u>6,485,971</u></u>	<u><u>10,794,878</u></u>

Emirates Refreshments (P.S.C.)
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Notes to the financial statements (continued)
For the six-month period ended June 30, 2019

14 Leased liabilities

	AED (Unaudited)
At January 1, 2019 (note 3)	11,322,657
Add: additions during the period	45,955
Add: finance cost	311,615
Less: payments during the period	<u>(1,565,818)</u>
At June 30, 2019	<u>10,114,409</u>

Presented on statement of financial position as follows:

	AED (Unaudited)
Current	3,126,936
Non-current	<u>6,987,473</u>
At June 30, 2019	<u>10,114,409</u>

15 Related parties

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.

15.1 Related party transactions

	Six-month period ended June 30,		Three-month period ended June 30,	
	2019 AED (Unaudited)	2018 AED (Unaudited)	2019 AED (Unaudited)	2018 AED (Unaudited)
<i>Entity under common control</i>				
Sales	17,579	-	7,918	-
<i>Key management personnel</i>				
Sitting fees	140,000	486,000	-	120,000

15.2 Compensation to key management personnel

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

	Six-month period ended June 30,		Three-month period Ended June 30,	
	2019 AED (Unaudited)	2018 AED (Unaudited)	2019 AED (Unaudited)	2018 AED (Unaudited)
Short-term benefits	279,276	279,276	139,638	139,638
Employees' end of service benefits	3,003	6,720	1,510	6,720

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For the six-month period ended June 30, 2019

15 Related parties (continued)

15.3 Amount due from a related party

	June 30, 2019 AED (Unaudited)	December 31, 2018 AED (Audited)
<i>Entity under common control</i>	5,222	2,811

16 Contingencies and commitments

	June 30, 2019 AED (Unaudited)	December 31, 2018 AED (Audited)
Letters of credit		
Letters of guarantee	-	2,686,903
Capital commitments	750,000	750,000
	156,996	195,101

During the period end, the Company was involved in a rent contract dispute with its landlord. The management believes that the rent claim has no legal ground and that the company has strong position to refute the claim by presenting sufficient evidence to prove all its legal and contractual obligations were fulfilled adequately.

17 Fair value measurement

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 base on observable market data.

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For the six-month period ended June 30, 2019

17 Fair value measurement (continued)

	June 30, 2019	Level 1	Level 2	Level 3
	AED	AED	AED	AED
Investment securities measured at FVTOCI (Unaudited)	1,687,023	1,687,023	-	-
	December 31, 2018	Level 1	Level 2	Level 3
	AED	AED	AED	AED
Investment securities measured at FVTOCI (Audited)	1,863,946	1,863,946	-	-

18 Reclassification

The company has reclassified AED 125,871 from selling and distribution expense to discount and marketing expense (IFRS 15 impact), AED 35,280 from cost of sales and AED 55,563 from selling and distribution expense to general and administrative expenses.