



الإمارات للمرطبات
Emirates Refreshments

Detailed analysis of accumulated losses

Date:	29/03/2020
Listed Company Name:	Emirates Refreshment (PSC)
Define the period of the financial statements	Year 2019
Accumulated losses:	AED 16,304,094
Accumulated losses to capital ratio:	54.35%
The main reasons leading to these accumulated losses and their history:	-Year 2018, loss incurred AED 7,943,849 majorly due to reduction in volumes by 18.4% vs year before. The Net selling price also reduced by 13.8% vs year before due to unprecedented price competition. -Year 2019, loss incurred AED 10,110,029 due to continuation of trend of reduction in volumes by 18.6% vs 2018. The net selling price further reduced by 1.7% vs LY. -Introduction of toll tax, by Sharjah Municipality, in q4 2018 on transportation of goods from our manufacturing unit located at Hatta and Dibba resulted in increase in transportation cost. The Toll cost reached 110 k/ month. We could work on reducing it to only 71 k.
Measures to be taken to address accumulated losses:	Added new trading products in Q4'19 to increase the revenue and margins, without adding overheads. Cost saving initiatives have been taken in Q3 and Q4 of 2019 by way of optimizing and eliminating the fixed cost components, restructured and rationalized the distribution routes and fleets, restructured human resources and shutdown of one of the manufacturing facility. It has resulted in reduction



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	of net loss by 26% in Q4'19 vs Q4'18. Majority of the positive results of cost saving initiatives shall be reflected in year 2020. We have managed to stop the price slump and reverse it lately, where by the net selling price in Q3 2019 has improved by 7.2% vs Q2 2019 and it was further improved in Q4 2019 by 0.7% vs previous quarter. Board of Directors have proposed to merge the Statutory and obligatory reserve with the accumulated losses subject to final approval in AGM.

Authorized to signatory

Mr. Fethi Mohamed Khiari Bouaziz



ص.ب. ٥٥٦٧، دبي، إ.ع.م. • هاتف: ٣٣٣٥٥٦٦ (+٩٧١ ٤) • فاكس: ٣٣٣٥٥٥٨ (+٩٧١ ٤)
البريد الإلكتروني: info@erc.ae • الموقع الإلكتروني: www.erc.ae

P.O. Box 5567, Dubai, U.A.E. • Tel: (+971 4) 3335566 • Fax: (+971 4) 3335558
Email: info@erc.ae • website: www.erc.ae

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