Emirates Refreshments (P.S.C.) and its subsidiaries

Condensed Consolidated Interim Financial Statements
For the period ended September 30, 2020 (unaudited)

Emirates Refreshments (P.S.C.) and its subsidiaries
Condensed consolidated interim financial statements

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Grant Thornton
An instinct for growth™

Grant Thornton
United Arab Emirates
Rolex Tower
Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai

T +971 4 388 9925
F +971 4 388 9915

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Emirates Refreshments (P.S.C.) ("the Parent company"), and its subsidiaries (collectively referred to as the "Group"), which comprise the condensed consolidated interim statement of financial position as at September 30, 2020, and the related condensed consolidated interim statement of income, comprehensive income for the three and nine months period then ended and 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 condensed consolidated interim financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Grant Thornton

Grant Thornton
Farouk Mohamed
Registration No.: 86

Grant Thornton
P.O. Box: 1620
DUBAI-U.A.E.
Public Accountants

Dubai, United Arab Emirates
08 NOV 2020

Emirates Refreshments (P.S.C.) and its subsidiaries
Condensed consolidated interim financial statements

Consolidated statement of financial position
As at September 30, 2020

	Notes	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
ASSETS			
Non-current			
Property, plant and equipment	5	**4,734,154**	4,040,372
Investment properties	6	**7,550,376**	2,900,000
Right-of-use assets	7	**4,944,165**	6,356,975
Investment securities	8	**587,755**	1,538,818
Long-term prepayment		**747,250**	793,000
		18,563,700	15,629,165
Current			
Inventories	9	**4,587,769**	5,262,335
Trade and other receivables	10	**5,591,564**	10,020,317
Amount due from a related party	14.3	**567,218**	-
Cash and bank balances	11	**15,849,578**	15,640,960
Non-current assets held for sale		**-**	6,225,938
		26,596,129	37,149,550
TOTAL ASSETS		**45,159,829**	52,778,715
EQUITY AND LIABILITIES			
Equity			
Share capital		**30,000,000**	30,000,000
Statutory reserve		**-**	10,002,276
Obligatory reserve		**-**	1,500,000
Fair value reserve		**192,809**	911,984
Accumulated losses		**(8,741,234)**	(16,304,094)
		21,451,575	26,110,166
Liabilities			
Non-current			
Employees' end of service benefits		**2,008,789**	2,075,602
Lease liabilities	13	**4,002,593**	5,120,303
		6,011,382	7,195,905
Current			
Trade and other payables	12	**10,438,426**	9,555,441
Amount due to a related party	14.4	**-**	412,797
Lease liabilities	13	**2,101,637**	2,380,771
Bank overdraft	11	**5,156,809**	7,123,635
		17,696,872	19,472,644
Total liabilities		**23,708,254**	26,668,549
TOTAL EQUITY AND LIABILITIES		**45,159,829**	52,778,715

The condensed consolidated interim financial statements have been approved by the Board of Directors on November 08, 2020 , and signed on their behalf by:

CFO CEO Director Chairman

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

Consolidated statement of income
For the nine-month period ended September 30, 2020

	Note	Nine-month period ended September 30,		Three-month period ended September 30,	
		2020	2019	**2020**	2019
		AED	AED	**AED**	AED
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sales		**19,700,579**	30,465,428	**5,937,875**	9,972,239
Less: discount and marketing expense		**(216,325)**	(394,473)	**(77,965)**	(118,450)
Revenue		**19,484,254**	30,070,955	**5,859,910**	9,853,789
Cost of sales		**(11,251,767)**	(22,409,963)	**(3,470,063)**	(6,839,865)
GROSS PROFIT		**8,232,487**	7,660,992	**2,389,847**	3,013,924
Selling and distribution expenses		**(7,814,147)**	(10,698,968)	**(2,532,166)**	(3,752,066)
General and administrative expenses		**(5,578,056)**	(5,086,869)	**(1,499,262)**	(1,701,697)
OPERATING LOSS		**(5,159,716)**	(8,124,845)	**(1,641,581)**	(2,439,839)
Finance expense		**(492,597)**	(648,262)	**(155,152)**	(199,886)
Finance income		**303,796**	466,091	**78,980**	126,464
Rental income	6	**1,333,490**	188,242	**664,694**	53,750
Depreciation on leased plant and machinery		**(577,853)**	-	**(113,165)**	-
Other income/ (expense)		**25,851**	76,120	**(1,681)**	22,994
NET LOSS FOR THE PERIOD		**(4,567,029)**	(8,042,654)	**(1,167,905)**	(2,436,517)
Loss per share (in AED)	4	**(0.152)**	(0.268)	**(0.039)**	(0.081)

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

Consolidated statement of other comprehensive income
For the nine-month period ended September 30, 2020

	Note	Nine-month period ended September 30, 2020 AED (Unaudited)	Nine-month period ended September 30, 2019 AED (Unaudited)	Three-month period ended September 30, 2020 AED (Unaudited)	Three-month period ended September 30, 2019 AED (Unaudited)
Loss for the period		**(4,567,029)**	(8,042,654)	**(1,167,905)**	(2,436,517)
Other comprehensive income					
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	8	**(91,562)**	(194,927)	**(871)**	(18,004)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(4,658,591)**	(8,237,581)	**(1,168,776)**	(2,454,521)

Consolidated statement of changes in equity
For the nine-month period ended September 30, 2020

	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, 2020	**30,000,000**	**10,002,276**	**1,500,000**	**911,984**	**(16,304,094)**	**26,110,166**
Loss for the period	-	-	-	-	(4,567,029)	(4,567,029)
Other comprehensive loss for the period	-	-	-	(91,562)	-	(91,562)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	(627,613)	627,613	-
Total comprehensive loss for the period	**-**	**-**	**-**	**(719,175)**	**(3,939,416)**	**(4,658,591)**
Transfer of legal and obligatory reserves to accumulated losses*	-	(10,002,276)	(1,500,000)	-	11,502,276	-
Balance as of September 30, 2020	**30,000,000**	**-**	**-**	**192,809**	**(8,741,234)**	**21,451,575**
Balance as of January 1, 2019	30,000,000	10,002,276	1,500,000	1,237,112	(6,194,065)	36,545,323
Loss for the period	-	-	-	-	(8,042,654)	(8,042,654)
Other comprehensive loss for the period	-	-	-	(194,927)	-	(194,927)
Total comprehensive loss for the period	-	-	-	(194,927)	(8,042,654)	(8,237,581)
Balance as of September 30, 2019	30,000,000	10,002,276	1,500,000	1,042,185	(14,236,719)	28,307,742

* The Group merged the statutory and obligatory reserve with accumulated losses based on the proposal of Parent Company's board of directors which was approved in the general assembly meeting held on June 22, 2020.

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

Consolidated statement of cash flows
For the nine-month period ended September 30, 2020

	Notes	Nine-month period ended September 30, 2020 AED (Unaudited)	2019 AED (Unaudited)
OPERATING ACTIVITIES			
Loss for the period		**(4,567,029)**	(8,042,654)
Adjustments for:			
Depreciation of property, plant and equipment	5	**1,634,942**	2,868,459
Depreciation of right-of-use assets	7	**1,390,655**	2,234,146
Amortisation of long-term prepayments		**45,750**	45,748
Provision for employees' end of service benefits		**234,928**	320,714
Allowance for expected credit losses		**1,563,322**	150,900
Provision for obsolete inventories		**140,715**	184,959
Reversal of excess provision for obsolete inventories		**(278,874)**	-
Finance expense		**492,597**	648,262
Finance income		**(256,162)**	(365,175)
Dividend income from investment securities		**(47,634)**	(100,916)
Gain on disposal of investments		**(3,580)**	-
		349,630	(2,055,557)
Working capital changes:			
Inventories		**812,725**	3,273,124
Trade and other receivables		**2,865,431**	1,221,862
Due from a related party		**(567,218)**	(7,435)
Due to a related party		**(412,797)**	-
Trade and other payables		**882,985**	(1,515,859)
Cash generated from operations		**3,930,756**	916,135
Employees' end of service benefits paid		**(301,741)**	(690,229)
Net cash generated from operating activities		**3,629,015**	225,906
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	**(753,162)**	(596,292)
Proceeds from sale of investments		**863,081**	-
Movement in fixed deposit from more than 3 months to 1 year		**-**	(154,495)
Dividend income received		**47,634**	100,916
Finance income received		**256,162**	365,175
Net cash generated from/ (used in) investing activities		**413,715**	(284,696)
FINANCING ACTIVITIES			
Finance expense paid		**(196,846)**	(218,961)
Repayment of lease liabilities	13	**(1,670,440)**	(2,168,451)
Net cash used in financing activities		**(1,867,286)**	(2,387,412)
Net change in cash and cash equivalents		**2,175,444**	(2,446,202)
Cash and cash equivalents, beginning of the period		**(6,812,170)**	(4,616,989)
Cash and cash equivalents, end of the period	11	**(4,636,726)**	(7,063,191)
Non-cash transactions			
Transfer from non-current assets held for sale			
To property, plant and equipment		**1,575,562**	-
To investment properties		**4,650,376**	-
Provision for slow moving inventories written off		**49,284**	-

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

1 Legal status and nature of operations

Emirates Refreshments (P.S.C.) ("the Parent Company") is a Public Shareholding Company, incorporated in Dubai, United Arab Emirates under a decree issued by His Highness the Ruler of Dubai. The Parent 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 Parent Company are bottling and selling mineral water and evaporated milk as well as manufacturing plastic bottles and containers. The Parent Company has two plants located in Dibba and Hatta, UAE. The Parent Company markets, distributes and sells its products across the UAE, other Middle East countries and Africa.

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

The Parent Company wholly owns two subsidiaries: Jeema Refreshments LLC and Emirates Refreshments LLC in the UAE. These subsidiaries are engaged in the trading of mineral water, juice, soft drinks and carbonated drinks.

2 Basis of preparation

The condensed consolidated interim financial statements for the nine months period ended September 30, 2020 have been prepared in accordance with IAS 34 "*Interim Financial Reporting*".

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at December 31, 2019. In addition, results for the nine-months period ended September 30, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

Basis of consolidation

The Group's condensed consolidated interim financial statements consolidate those of the Parent Company and its Subsidiaries undertaking drawn up to September 30, 2020. Subsidiaries are all entities over which the Parent Company has control. Control is presumed to exist when the Company:

- has power over the investee;
- is exposed, or has right, to variable return from its investment with the investee; and
- has the ability to use its power to affect the return.

The financial statements of the Subsidiaries are consolidated on a line-by-line basis from the date on which control is transferred to the Parent Company and they are de-consolidated from the date that control ceases. The Subsidiaries have a reporting date of December 31.

All transactions and balances between Group companies are eliminated in full on consolidation, including unrealised gains and losses on transactions between them. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The condensed consolidated interim financial statements of the Group is presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Group.

3 Operating segment information

The Group operates in a single reporting segment of bottling, distribution and trading of mineral water and evaporated milk. All the relevant information relating to this reporting / operating segment is disclosed in the condensed consolidated interim statement of financial position, condensed consolidated interim income statement and notes to the condensed consolidated interim financial information.

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

a) Information about geographical segments

During the period ended September 30, 2020 revenue from customers located in the Group's country of domicile (UAE) is AED 18.91 million (nine-month period ended September 30, 2019: AED 27.8 million) and revenue from customers outside the UAE (foreign customers) is AED 0.79 million (nine-month period ended September 30, 2019: AED 2.6 million).

b) Major customers

Revenue from one major customer amounts to AED 1.71 million (nine-month period ended September 30, 2019: AED 2.03 million) of the Group's total revenues. There were no customers of the Group with revenues greater than 10% of the total revenue of the Group (nine-month period ended September 30, 2019: AED Nil).

4 Loss per share

Basic loss per share is calculated by dividing the loss for the period attributable to the shareholders of the Parent Company amounting to AED 4.57 million (period ended September 30, 2019: Loss of AED 8.04 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended September 30, 2019: 30 million shares).

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

5 Property, plant and equipment

Additions
During the nine-month period ended September 30, 2020, the Group acquired assets amounting to AED 0.75 million (nine-month period ended September 30, 2019: AED 0.60 million).

During the period, the Group changed its intention to sell the Dibba Plant classified as held for sale and accordingly the plant, machinery and equipment's of AED 1,575,562 were transferred to property, plant and equipment.

Depreciation
The depreciation expense amounted to AED 1.63 million (nine-month period ended September 30, 2019: AED 2.87 million).

6 Investment properties

Investment properties comprises of warehouses on leasehold land situated in Fujairah and building of Dibba plant located in Fujairah. These are re-valued independently each year.

During the period, the Group changed its intention to sell the Dibba Plant classified as held for sale and accordingly the building of AED 4,650,376 was transferred to investment properties.

6 Investment properties (continued)

Effective date of revaluation was December 31, 2019. Revaluation was performed by valuer who is independent of the Group and possess relevant qualification and recent experience. The assumption used by the independent valuer to arrive at the fair values are explained in detail in note 16.

Rental income from investment properties
The Group has earned rental income for the period of AED 1.33 million (nine-month period ended September 30, 2019: AED 0.19 million).

7 Right-of-use assets

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Opening balance	**6,356,975**	11,125,694
Add: additions during the period/ year	**-**	45,955
Less: depreciation for the period/ year	**(1,390,655)**	(2,717,533)
Less: termination of lease contracts during the period/ year	**(22,155)**	(2,097,141)
	4,944,165	6,356,975

The Group has lease contracts for various items of land and motor vehicles.

8 Investment securities

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Opening balance	**1,538,818**	1,863,946
Change in market fair value	**(91,562)**	(325,128)
Disposal of investment	**(859,501)**	-
Closing balance	**587,755**	1,538,818

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

9 Inventories

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Raw materials	**2,124,732**	2,643,870
Finished goods	**986,147**	1,133,294
Spare parts	**3,631,254**	3,782,267
Others	**214,200**	258,911
	6,956,333	7,818,342
Less: provision for slow moving inventories	**(2,368,564)**	(2,556,007)
	4,587,769	5,262,335

10 Trade and other receivables

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Trade receivables	**7,254,428**	9,738,280
Less: allowance for expected credit losses	**(3,352,721)**	(1,789,399)
Trade receivables, net	**3,901,707**	7,948,881
Other receivables	**622,529**	671,979
Prepayments	**911,410**	1,321,467
Advances to suppliers	**155,918**	77,990
	5,591,564	10,020,317

11 Cash and bank balances

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

	September 30, 2020 AED (Unaudited)	September 30, 2019 AED (Unaudited)	December 31, 2019 AED (Audited)
Cash on hand	**71,038**	78,000	71,000
Other cash equivalents	**66,997**	52,837	54,086
Cash at bank- current accounts	**382,048**	202,386	186,379
Short-term deposits	**15,329,495**	15,329,495	15,329,495
Cash and bank balances	**15,849,578**	15,662,718	15,640,960
Bank overdrafts*	**(5,156,809)**	(7,396,414)	(7,123,635)
Less: Fixed deposit with original maturity of more than three months or hypothecated with bank	**(15,329,495)**	(15,329,495)	(15,329,495)
Cash and cash equivalents	**(4,636,726)**	(7,063,191)	(6,812,170)

*Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting to AED 15.175 million at September 30, 2020 (December 31, 2019: AED 15.175 million).

12 Trade and other payables

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Trade payables	**4,170,419**	6,812,935
Accrued expenses and other payables	**1,954,950**	2,305,368
Advances from customers	**3,901,136**	164,391
VAT payable	**411,921**	272,747
	10,438,426	9,555,441

13 Lease liabilities

	September 30, 2020 AED (Unaudited)	December 31, 2019 AED (Audited)
Opening balance	**7,501,074**	11,322,657
Add: additions during the period/ year	**-**	45,955
Add: finance cost	**296,470**	556,728
Less: termination of lease contracts during the period/ year	**(22,874)**	(2,123,891)
Less: payments during the period/ year	**(1,670,440)**	(2,300,375)
	6,104,230	7,501,074

Presented on statement of financial position as follows:

Current	**2,101,637**	2,380,771
Non-current	**4,002,593**	5,120,303
	6,104,230	7,501,074

14 Related parties

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

14.1 Related party transactions

	Nine-month period ended September 30,		Three-month period ended September 30,	
	2020 AED (Unaudited)	2019 AED (Unaudited)	**2020 AED (Unaudited)**	2019 AED (Unaudited)
Entities under common control				
Sales	**296,012**	27,824	**3,015**	10,245
Purchases of goods and services from a related party	**(398,685)**	(452,421)	**-**	(209,140)
Payment of expenses by a related party	**(1,257)**	(577)	**-**	(577)
Payment of expenses on behalf of a related party	**877,574**	-	**498,203**	-
Rental income	**1,264,200**	-	**661,500**	-
Key management personnel				
Sitting fees	**-**	140,000	**-**	-

14 Related parties (continued)

14.2 Compensation to key management personnel

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

	Nine-month period ended September 30,		Three-month period ended September 30,	
	2020	2019	**2020**	2019
	AED	AED	**AED**	AED
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Short-term benefits	**-**	372,368	**-**	93,092
Employees' end of service benefits	**-**	31,045	**-**	28,042

14.3 Amount due from a related party

	September 30, 2020	December 31, 2019
	AED	AED
	(Unaudited)	(Audited)
Entity under common control	**567,218**	-

14.4 Amount due to a related party

	September 30, 2020	December 31, 2019
	AED	AED
	(Unaudited)	(Audited)
Entity under common control	**-**	412,797

15 Contingencies and commitments

	September 30, 2020	December 31, 2019
	AED	AED
	(Unaudited)	(Audited)
Letters of credit	**601,116**	1,703,321
Letters of guarantee	**55,000**	55,000
Capital commitments	**62,319**	391,664

16 Fair value measurement

Financial instruments comprise financial assets and financial liabilities.

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

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

16 Fair value measurement (continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not base on observable market data.

	September 30, 2020	**Level 1**	**Level 2**	**Level 3**
	AED	**AED**	**AED**	**AED**
Investment securities measured at FVTOCI (Unaudited)	**587,755**	**587,755**	**-**	**-**

	December 31, 2019	Level 1	Level 2	Level 3
	AED	AED	AED	AED
Investment securities measured at FVTOCI (Audited)	1,538,818	1,538,818	-	-

Fair value measurement of non-financial assets

Fair value of investment properties has been determined by an independent valuer (the 'Expert') using market valuation approach, based on the current property market condition in the UAE. The market has been assessed by the Expert and certain internal data has been provided by the management, therefore, the fair valuation falls under level 3. Following are some key valuation inputs and assumptions:

Approach	**Fair value (AED)**	**Key inputs**	**Assumptions and data**
Market valuation approach	**7,550,376 (December 31, 2019: 2,900,000)**	Source of data	Property brokers, internal research and web enquiries.

17 Significant events during reporting period

The coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruptions to business and economic activities. COVID-19 has brought about uncertainties in the global economic environment.

The Group is closely monitoring the situation to manage the potential business disruption COVID-19 outbreak may have on its operations and financial performance.

17 Significant events during reporting period (continued)

Covid-19 impact on revenue

Based on Group's initial assessment, overall revenue of the Group in the last 2 quarters declined by 46% as compared to previous period mainly due to closure of hotels, restaurants and cafeterias. Local sales picked up slightly after easing of lockdown in the UAE while export sales continues to decline due to lockdown situation in the neighboring countries. Export sale has decreased by 75% in the current period as compared to the previous period.

Covid-19 impact on measurement of Expected Credit Loss

IFRS 9 framework requires the estimation of Expected Credit Loss ('ECL') based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the ECL from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. Even if the quantification of such increase in risk remains very difficult in the current uncertain environment and the absence of enough statistical historical data, certain additional loss allowances have been taken. An additional provision of AED 1.56 million was booked as a result of the assessment. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Covid-19 impact on impairment of non-financial assets

The fair value of certain non-financial assets for the annual audited financial statements for the year ended December 31, 2019 were determined by the management based on the valuations performed by an independent valuation expert. However, the fair value of these non-financial assets in these condensed consolidated financial statements have been determined by the management internally based on prevailing market situation such as expected decline in sale prices, demand and other estimates such as estimated cash flows. Based on these factors, the management has concluded that the carrying amount of these non-financial assets is not significantly different than the fair value and hence no impairment is required. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

18 Reclassification

	As previously reported AED	Reclassification AED	Restatement AED	As reclassified/ restated AED
As at December 31, 2019				
Trade and other payables	9,910,250	(354,809)	-	9,555,441
Lease liabilities- current portion	2,025,962	354,809	-	2,380,771

(Reclassification of accrued lease from trade and other payables to lease liabilities- current portion.)