Dubai Refreshment (P.J.S.C.)

Review report and interim financial information for the nine months period ended 30 September 2024

Dubai Refreshment (P.J.S.C.)

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Dubai Refreshment (P.J.S.C.)
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Dubai Refreshment (P.J.S.C.)** (the "Company"), as at 30 September 2024, and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No.: 5482
12 November 2024
Dubai
United Arab Emirates

Condensed statement of financial position as at 30 September 2024

	Notes	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	**520,928**	536,410
Investment property		**14,946**	14,946
Right-of-use assets		**67,775**	79,149
Intangible assets		**3,277**	3,995
Investment in financial assets	5	**76,064**	94,952
Total non-current assets		**682,990**	729,452
Current assets			
Inventories	6	**114,716**	75,175
Trade and other receivables		**212,589**	218,041
Cash and bank balances	7	**469,459**	557,714
Total current assets		**796,764**	850,930
Total assets		**1,479,754**	1,580,382
EQUITY AND LIABILITIES			
Equity			
Share capital		**90,000**	90,000
Statutory reserve		**45,000**	45,000
General reserve		**618,401**	618,401
Fair value reserve		**44,981**	63,869
Cash flow hedge reserve		**-**	1,062
Retained earnings		**247,355**	435,097
Total equity		**1,045,737**	1,253,429
Non-current liabilities			
Employees' end of service benefits		**34,784**	33,512
Lease liabilities- non-current portion		**69,500**	80,287
Total non-current liabilities		**104,284**	113,799
Current liabilities			
Trade and other payables		**203,547**	203,925
Current tax liability	15	**9,711**	-
Dividend payable	8	**108,000**	-
Lease liabilities - current portion		**8,475**	9,229
Total current liabilities		**329,733**	213,154
Total liabilities		**434,017**	326,953
Total equity and liabilities		**1,479,754**	1,580,382

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial statements present fairly in all material respects the financial position, financial performance and cash flows of the Company.

....
Mr. Ahmad Bin Eisa Alserkal
Chairman

....
Mr. Nawwaf Ghubash Ahmed Ghubash Al Marri
Director

The accompanying notes form an integral part of this interim financial information.

Condensed statement of profit or loss (unaudited)
for the nine months period ended 30 September 2024

	Notes	Nine months period ended 30 September		Three months period ended 30 September	
		2024	2023	**2024**	2023
		AED'000	AED'000	**AED'000**	AED'000
Revenue	11	**604,280**	598,843	**220,219**	219,694
Cost of sales		**(388,486)**	(382,754)	**(142,048)**	(140,685)
Gross profit		**215,794**	216,089	**78,171**	79,009
Other operating income		**6,644**	6,191	**2,074**	1,812
Selling and distribution expenses		**(87,565)**	(83,617)	**(30,528)**	(30,067)
General and administrative expenses		**(44,749)**	(42,958)	**(15,533)**	(14,592)
Amortisation of intangible assets		**(778)**	(1,532)	**(256)**	(250)
Operating income		**89,346**	94,173	**33,928**	35,912
Finance income, net		**14,821**	7,311	**4,429**	4,477
Lease interest cost		**(2,303)**	(2,705)	**(779)**	(895)
Dividend income		**2,696**	4,047	**-**	-
Gain on sale of fixed assets	4	**158**	220,253	**158**	197
Other income, net		**6,251**	7,468	**1,357**	3,998
Profit for the period before tax		**110,969**	330,547	**39,093**	43,689
Corporate tax	15	**(9,711)**	-	**(3,519)**	**-**
Profit for the period after tax		**101,258**	330,547	**35,574**	43,689
Earnings per share in AED	9	**1.11**	3.67	**0.40**	0.49

The accompanying notes form an integral part of this interim financial information.

Condensed statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2024

	Nine months period ended 30 September		Three months period ended 30 September	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
Profit for the period after tax	**101,258**	330,547	**35,574**	43,689
Other comprehensive (loss)/income				
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of investment securities measured at FVOCI, equity instruments (Note 5)	**(18,888)**	(2,040)	**(5,323)**	4,406
Other comprehensive (loss) / income to be reclassified to profit or loss in subsequent periods:				
Change in fair value of cash flow hedges	**(1,062)**	496	**-**	1,280
Total other comprehensive (loss)/income	**(19,950)**	(1,544)	**(5,323)**	5,686
Total comprehensive income for the period	**81,308**	329,003	**30,251**	49,375

The accompanying notes form an integral part of this interim financial information.

Condensed statement of changes in equity
for the nine months period ended 30 September 2024

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Fair value reserve AED'000	Cash flow hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2023 (audited)	**90,000**	**45,000**	**618,401**	**81,172**	**252**	**140,522**	**975,347**
Profit for the period	-	-	-	-	-	330,547	330,547
Other comprehensive (loss)/income	-	-	-	(2,040)	496	-	(1,544)
Total comprehensive income/(loss) for the period	-	-	-	(2,040)	496	330,547	329,003
Dividend declared (Note 8)	-	-	-	-	-	(63,000)	(63,000)
At 30 September 2023 (unaudited)	**90,000**	**45,000**	**618,401**	**79,132**	**748**	**408,069**	**1,241,350**
At 1 January 2024 (audited)	**90,000**	**45,000**	**618,401**	**63,869**	**1,062**	**435,097**	**1,253,429**
Profit for the period	-	-	-	-	-	101,258	101,258
Other comprehensive loss	-	-	-	(18,888)	(1,062)	-	(19,950)
Total comprehensive income/(loss) for the period	-	-	-	(18,888)	(1,062)	101,258	81,308
Dividend declared (Note 8)	-	-	-	-	-	(288,000)	(288,000)
Director Fees	-	-	-	-	-	(1,000)	(1,000)
At 30 September 2024 (unaudited)	**90,000**	**45,000**	**618,401**	**44,981**	**-**	**247,355**	**1,045,737**

The accompanying notes form an integral part of this interim financial information.

Condensed statement of cash flows (unaudited)
for the nine months period ended 30 September 2024

	Notes	Nine months period ended 30 September 2024 AED'000	2023 AED'000
Cash flows from operating activities			
Profit for the period before tax		**110,969**	330,547
Adjustments for:			
Depreciation on property, plant and equipment	4	**30,387**	29,500
Amortisation of intangible assets		**778**	1,532
Depreciation on right-of-use assets		**10,101**	11,037
Finance costs, net		**(14,821)**	(7,311)
Gain on sale of assets	4	**(158)**	(220,253)
Lease interest costs, net		**2,303**	2,705
Gain on derecognition of lease		**(1,125)**	(94)
Dividend income		**(2,696)**	(4,047)
Provision for employees' end of service benefits		**2,870**	2,662
Operating cash flows before changes in operating assets and liabilities		**138,608**	146,278
Increase in inventories		**(39,541)**	(27,679)
Decrease / (increase) in trade and other receivables		**10,200**	(71,244)
Increase in trade and other payables		**3,822**	31,213
Cash generated from operations		**113,089**	78,568
Employees' end of service benefits paid		**(1,598)**	(1,126)
Net cash generated from operating activities		**111,491**	77,442
Cash flows from investing activities			
Purchase of intangible assets		**(60)**	(35)
Purchase of property, plant and equipment	4	**(14,905)**	(19,220)
Proceeds from disposal of property, plant and equipment	4	**158**	247,854
Dividend income, net		**2,696**	4,047
Finance income, net		**9,011**	7,311
Increase in bank deposit		**(82,668)**	-
Net cash (used in)/generated from investing activities		**(85,768)**	239,957
Cash flows from financing activities			
Director fees paid		**(5,200)**	(4,200)
Dividends paid	8	**(180,000)**	(63,000)
Lease payments		**(11,446)**	(12,587)
Net cash used in financing activities		**(196,646)**	(79,787)
Net (decrease)/increase in cash and cash equivalents		**(170,923)**	237,612
Cash and cash equivalents at beginning of the period		**406,287**	254,331
Cash and cash equivalents at 30 September	7	**235,364**	491,943

The accompanying notes form an integral part of this interim financial information.

Notes to the interim financial information
for the nine months period ended 30 September 2024

1. Legal status and activities

Dubai Refreshment (P.J.S.C) (the “Company”) was incorporated in Dubai in 1959 by a Decree issued by His Highness The Ruler of Dubai. The Company is listed on the Dubai Financial Market (“DFM”). The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorisation from Pepsi Cola International. The Company holds 7Up and Aquafina bottling and selling rights for the whole of the UAE.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim financial information for the nine months period ended 30 September 2024 has been prepared in accordance with IAS 34 “Interim Financial Reporting”.

The interim financial information does 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 2023.

In addition, results for the nine months period ended 30 September 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The financial information has been prepared under the historical cost convention except for a financial asset at fair value through other comprehensive income (FVOCI) that has been measured at fair value.

Except as described in below, the accounting policies applied in this condensed interim financial information are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2023.

Corporate Income Tax

Corporate income tax expense is recognised at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the interim financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

The change of the accounting policy will also be reflected in the Company's financial statements as at and for the year ending 31 December 2024.

2.2 New and amended IFRS Standards that are effective for the current period

In the current period, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2024.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these condensed interim financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim financial statements.

Notes to the interim financial information for the nine months period ended 30 September 2024 (continued)

2. Basis of preparation and accounting policies (continued)

2.2 New and amended IFRS Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.
Amendments to IAS 1 *Presentation of Financial Statements* relating to Non-current Liabilities with Covenants	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* relating to Supplier Finance Arrangements	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

2. Basis of preparation and accounting policies (continued)

2.3 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these condensed interim financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9.	1 January 2026
Annual improvements to IFRS Accounting Standards - Volume 11 The pronouncement comprises the following amendments: • IFRS 1: Hedge accounting by a first-time adopter • IFRS 7: Gain or loss on derecognition • IFRS 7: Disclosure of deferred difference between fair value and transaction price • IFRS 7: Introduction and credit risk disclosures • IFRS 9: Lessee derecognition of lease liabilities • IFRS 9: Transaction price • IFRS 10: Determination of a "de facto agent" • IAS 7: Cost method	1 January 2026
IFRS 18 *Presentation and Disclosures in Financial Statements* IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	1 January 2027
IFRS 19 *Subsidiaries without Public Accountability: Disclosures* IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	1 January 2027

Notes to the interim financial information
for the nine months period ended 30 September 2024 (continued)

2. Basis of preparation and accounting policies (continued)

2.3 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* The amendments relate to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Company anticipates that these new standards, interpretations and amendments will be adopted in the Company's condensed interim financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the condensed interim financial statements of Company in the period of initial application.

2.4 Use of judgements and estimates

The preparation of condensed interim financial statements requires management to make judgement, estimates and assumptions that effect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The Company has consistently applied the estimates and judgements as applied by the Company in the annual financial statements for the year ended 31 December 2023.

3. Operating segment information

The Company operates in a single reporting segment of canning, bottling, distribution and trading of soft drinks and related beverages products. All the relevant information relating to this operating segment is disclosed in the condensed statement of financial position, condensed income statement and notes to the interim financial information.

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

a) Information about geographical segments

During the period ended 30 September 2024, revenue from customers located in the Company's country of domicile (UAE) is AED 538,960 thousand (period ended 30 September 2023: AED 533,306 thousand) and revenue from customers outside UAE (foreign customers) is AED 65,320 thousand (period ended 30 September 2023: AED 65,537 thousand).

b) Major customers

During the period ended 30 September 2024 and 30 September 2023, there were no customer of the Company with revenues greater than 10% of the total revenue of the Company.

4. Property, plant and equipment

Additions and transfers

During the period ended 30 September 2024, the additions to property, plant and equipment amounted to AED 14,905 thousand (period ended 30 September 2023: AED 19,220 thousand).

Depreciation for the period ended 30 September 2024 amounting to AED 30,387 thousand (period ended 30 September 2023: AED 29,500 thousand).

During the period ended 30 September 2024, the Company transferred assets amounting to AED 162 thousand (2023: AED 867 thousand), from capital work in progress to buildings, plant and machinery, coolers and vending machine and freezers category in property, plant and equipment.

During the period ended 30 September 2024, assets with a net carrying value of AED NIL (period ended 30 September 2023: AED 27,601 thousand) were disposed of by the Company resulting in a gain of AED 158 thousand (period ended 30 September 2023: AED 220,253 thousand). During 2023, the sale of a property located in Al Quoz First, Dubai, was approved by the shareholders during the Annual General Meeting held on 14th June 2023. The property had a carrying value of AED 26.8 million at the time of the transaction and was completed at a price of AED 252 million.

5. Investment in financial assets

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Investment in equity instruments designated at FVOCI		
Balance at the beginning of the year	**94,952**	112,255
Change in fair value for the period/year	**(18,888)**	(17,303)
Balance at the end of the period/year	**76,064**	94,952

6. Inventories

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Raw material and consumables	**76,850**	44,087
Finished goods	**30,584**	24,821
Spare parts and supplies	**9,027**	8,012
	116,461	76,920
Less: Provision for slow moving spare parts and supplies	**(1,745)**	(1,745)
	114,716	75,175

Notes to the interim financial information
for the nine months period ended 30 September 2024 (continued)

7. Cash and Bank balances

Cash and bank balances comprise the following:

	30 September 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Cash at bank and on hand	**203,118**	83,852
Bank deposits	**266,341**	473,862
	469,459	557,714
Less: Bank deposits with maturity of more than 3 months	**(234,095)**	(151,427)
Cash and cash equivalents	**235,364**	406,287

8. Dividends

During the Annual General Meeting held on 27th March 2024, the shareholders approved a cash dividend of AED 0.80 per share totaling to AED 72 million relating to 2023 (period ended 30 September 2023: AED 0.70 per share totaling to AED 63 million relating to 2022). Further, in addition to above, the shareholders approved a one-time special cash dividend of AED 2.4 per share totaling to AED 216 million as a result of the sale of Al Quoz property during 2023, out of which AED 108 million have been paid to shareholders in April 2024 in accordance with SCA regulations. The remaining balance of AED 108 million has been paid in October 2024 through a Board of Directors' resolution to the eligible shareholders in accordance with SCA regulations.

9. Basic earnings per share

Basic and diluted earnings per share is calculated by dividing the profit after tax for the period attributable to the shareholders of the Company, net of directors' fees by the weighted average number of ordinary shares in issue during the period. There were no instruments or any other items which could cause a dilutive effect on the earnings per share calculation:

	Nine months period ended 30 September		**Three months period ended 30 September**	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	**2024 AED'000 (Unaudited)**	2023 AED'000 (Unaudited)
Profit for the period, net of directors' fee (AED'000)	**100,258**	330,547	**35,574**	43,689
Weighted average number of ordinary shares ('000)	**90,000**	90,000	**90,000**	90,000
Earnings per ordinary share - Basic and diluted (AED)	**1.11**	3.67	**0.40**	0.49

10. Related party transactions and balances

Related parties represent 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, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-related parties.

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IAS 24 *Related Party Disclosures*. Related parties comprise companies and entities under common ownership and/or common management and control and key management personnel.

The management decides on the terms and conditions of the transactions and of the services received/rendered from/to related parties, as well as on any other charges, which are substantially the same terms as those prevailing at the same time for comparable transactions with un-relate parties.

Significant transactions with related parties included in the condensed statement of profit or loss are as follows:

	Nine months period ended 30 September		**Three months period ended 30 September**	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Sales to a related party	**819**	4,143	**368**	1,759
Purchases from a related party	**8,834**	4,648	**1,710**	2,204

Compensation of key management personnel

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

	Nine months period ended 30 September		**Three months period ended 30 September**	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Short-term benefits	**9,268**	9,364	**3,160**	3,072
Employees' end of service benefits	**657**	625	**137**	140
Director's remuneration	**1,000**	-	**-**	-
Director's sitting fee	**300**	200	**120**	60
	11,225	10,189	**3,417**	3,272

Notes to the interim financial information
for the nine months period ended 30 September 2024 (continued)

10. Related party transactions and balances (continued)

Significant balances with related parties included in the condensed statement of financial position:

	30 September 2024 AED'000 (Unaudited)	31 December 2023 AED'000 (Audited)
Due from a related party		
Other related party (included in trade and other receivables)		
Oman Refreshments Company Limited	**433**	298
Due to a related party		
Other related party (included in trade and other payables)		
Oman Refreshments Company Limited	**1,851**	1,240

Amounts due from and due to a related party is not offset as management has assessed that these financial assets and liabilities do not meet the offset criteria described in *IAS 32 - Financial Instruments: Presentation.* Amount due from related parties are interest free and payable on demand.

11. Revenue

	Nine months period ended 30 September		**Three months period ended 30 September**	
	2024 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	**2024 AED'000 (Unaudited)**	2023 AED'000 (Unaudited)
Local sales				
Long term contracts	**389,882**	387,814	**128,992**	127,526
Transaction based contracts	**149,078**	145,492	**65,715**	71,071
	538,960	533,306	**194,707**	198,597
Export sales				
Long term contracts	**16,420**	19,852	**6,822**	6,207
Transaction based contracts	**48,900**	45,685	**18,690**	14,890
	65,320	65,537	**25,512**	21,097
Total revenue	**604,280**	598,843	**220,219**	219,694

**Notes to the interim financial information
for the nine months period ended 30 September 2024 (continued)**

12. Profit for the period after tax

The profit for the period after tax is stated after charging:

	Nine months period ended 30 September		Three months period ended 30 September	
	2024	2023	**2024**	2023
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff cost	**84,272**	77,126	**28,395**	27,142
Depreciation expense	**40,488**	40,537	**13,478**	13,521

13. Contingencies and capital commitments

	30 September 2024	31 December 2023
	AED'000	AED'000
	(unaudited)	(audited)
Bank guarantees	**5,584**	1,823

14. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables, contract assets, derivatives and investment in equity instruments designated as at FVOCI. Financial liabilities consist of trade payables, contract liabilities and derivatives.

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.

Notes to the interim financial information
for the nine months period ended 30 September 2024 (continued)

14. Fair values of financial instruments (continued)

Fair value hierarchy (continued)

As at reporting date, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	Total AED'000	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**
30 September 2024 (unaudited)				
Investment in financial assets				
Quoted equity investments - FVTOCI (Note 5)	**76,064**	**76,064**	-	-
Positive fair value of derivatives - held as cash flow hedge	-	-	-	-
31 December 2023 (audited)				
Investment in financial assets				
Quoted equity investments - FVTOCI (Note 5)	94,952	94,952	-	-
Positive fair value of derivatives - held as cash flow hedge	1,062	-	1,062	-

15. Corporate tax law

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 September 2023. As the Company's accounting year ends on 31 December, the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

Generally, UAE businesses will be subject to a 9% CT rate, however a rate of 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by way of a Cabinet Decision.

The tax charge for period ended 30 September 2024 is AED 9,711 thousand (30 September 2023: AED Nil thousand), representing an Effective Tax Rate ("ETR") of 8.75% (30 September 2023: Nil %). The delta in the ETR period-on-period is due to the new corporate tax CT regime that has become effective for accounting periods beginning on or after 1 September 2023. The ETR incorporates tax rates of the UAE.

16. Seasonality of results

No income of seasonal nature was recorded in the condensed financial statements for the nine months period ended 30 September 2024 and 2023.

17. Approval of interim financial information

The interim financial information was approved by the Board of Directors and authorised for issue on 12 November 2024.