

Emirates Refreshments (P.S.C.)

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

31 MARCH 2019

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 31 March 2019, and the related interim condensed statements of income, comprehensive income, changes in equity and cash flows for the three-month 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 May 2019

Dubai, United Arab Emirates

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF INCOME

For the three-month period ended 31 March 2019 (Unaudited)

	<i>Notes</i>	<i>Three-month period ended 31 March</i>	
		<i>2019 AED</i>	<i>2018 AED</i>
Sales		8,884,046	11,165,888
Less: Discount and marketing expense		(130,277)	(28,150)
Revenue		8,753,769	11,137,738
Cost of sales		(6,912,888)	(7,522,288)
GROSS PROFIT		1,840,881	3,615,450
Selling and distribution expenses		(3,471,730)	(3,525,109)
General and administrative expenses		(1,847,899)	(2,254,004)
OPERATING LOSS		(3,478,748)	(2,163,663)
Finance expense		(215,319)	(32,827)
Finance income		167,340	114,238
Other income		101,990	97,355
LOSS FOR THE PERIOD	3	(3,424,737)	(1,984,897)
Loss per share in AED	5	(0.114)	(0.066)

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

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2019 (Unaudited)

	Note	<i>Three-month period ended 31 March</i>	
		<i>2019 AED</i>	<i>2018 AED</i>
LOSS FOR THE PERIOD		(3,424,737)	(1,984,897)
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	46,496	(317,797)
Total other comprehensive income/ (loss) for the period		46,496	(317,797)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,378,241)	(2,302,694)

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

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	12,178,289	13,284,904
Investment properties	7	1,477,816	1,509,259
Right-of-use assets	8	10,343,006	-
Investment securities	9	1,910,442	1,863,946
Long-term prepayment		838,750	854,000
		<u>26,748,303</u>	<u>17,512,109</u>
Current assets			
Inventories	10	9,718,866	9,177,639
Trade and other receivables	11	10,652,940	11,905,408
Due from a related party	15	9,992	2,811
Bank balances and cash	12	15,670,358	15,727,549
		<u>36,052,156</u>	<u>36,813,407</u>
TOTAL ASSETS		<u><u>62,800,459</u></u>	<u><u>54,325,516</u></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		1,283,608	1,237,112
Accumulated losses		(10,606,457)	(7,181,720)
Total equity		<u>32,179,427</u>	<u>35,557,668</u>
Non-current liabilities			
Employees' end of service benefits		2,634,674	2,803,432
Lease liabilities	14	7,695,067	-
		<u>10,329,741</u>	<u>2,803,432</u>
Current liabilities			
Trade and other payables	13	8,894,927	10,794,878
Lease liabilities	14	3,086,465	-
Bank overdraft	12	8,309,899	5,169,538
		<u>20,291,291</u>	<u>15,964,416</u>
Total liabilities		<u>30,621,032</u>	<u>18,767,848</u>
TOTAL EQUITY AND LIABILITIES		<u><u>62,800,459</u></u>	<u><u>54,325,516</u></u>

The interim condensed financial statements have been approved by the Board of Directors on _____ 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.)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019 (Unaudited)

	Share capital AED	Statutory reserve AED	Obligatory reserve AED	Fair value reserve AED	Accumulated losses AED	Total AED
Balance as of 1 January 2019	30,000,000	10,002,276	1,500,000	1,237,112	(7,181,720)	35,557,668
Loss for the period	-	-	-	-	(3,424,737)	(3,424,737)
Other comprehensive income for the period	-	-	-	46,496	-	46,496
Total comprehensive loss for the period	-	-	-	46,496	(3,424,737)	(3,378,241)
Balance as of 31 March 2019	30,000,000	10,002,276	1,500,000	1,283,608	(10,606,457)	32,179,427
	Share capital AED	Statutory reserve AED	Obligatory reserve AED	Fair value reserve AED	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	-	-	-	-	(1,984,897)	(1,984,897)
Other comprehensive loss for the period	-	-	-	(317,797)	-	(317,797)
Total comprehensive loss for the period	-	-	-	(317,797)	(1,984,897)	(2,302,694)
Balance as of 31 March 2018	30,000,000	10,002,276	1,500,000	1,797,343	(1,673,077)	41,626,542

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

Emirates Refreshments (P.S.C.)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March 2019 (Unaudited)

		<i>Three-month period ended 31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Loss for the period		(3,424,737)	(1,984,897)
Adjustments for:			
Depreciation of property, plant and equipment	6	1,117,185	1,405,435
Depreciation of investment properties	7	31,443	34,590
Depreciation of right-of-use assets	8	782,688	-
Amortisation of long term prepayments		15,250	15,250
Provision for employees' end of service benefits		104,765	143,880
Finance expense		215,319	32,827
Finance income		(113,621)	(57,988)
Dividend income from investment securities		(53,719)	(56,250)
		(1,325,427)	(467,153)
Working capital changes:			
Inventories		(541,227)	372,508
Trade and other receivables		1,219,656	(218,952)
Due from a related party		(7,181)	-
Trade and other payables		(1,670,176)	(946,210)
Cash used in operations		(2,324,355)	(1,259,807)
Employees' end of service benefits paid		(273,523)	(218,743)
Net cash used in operating activities		(2,597,878)	(1,478,550)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(10,570)	(512,314)
Movement in fixed deposit from more than 3 months to 1 year		(154,495)	(2,184,015)
Dividend income received		53,719	56,250
Finance income received		113,621	57,988
Net cash from/ (used in) investing activities		2,275	(2,582,091)
FINANCING ACTIVITIES			
Payment of lease liabilities		(697,509)	-
Finance expense paid		(58,935)	(32,827)
Net cash used in financing activities		(756,444)	(32,827)
DECREASE IN CASH AND CASH EQUIVALENTS		(3,352,047)	(4,093,468)
Cash and cash equivalents at beginning of the period		(4,616,989)	4,846,812
CASH AND CASH EQUIVALENTS AT 31 MARCH	12	(7,969,036)	753,344

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

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (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 three months period ended 31 March 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 31 December 2018. In addition, results for the three-months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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 financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 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 Leases

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 1 January 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 the assets situated on the land.

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’).

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

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

New standards, interpretations and amendments thereof, adopted by the Company (continued)

IFRS 16 Leases (continued)

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

	<i>AED</i> <i>(Unaudited)</i>
Leased assets based on future cashflows	11,092,882
Adjustment of prepayments	32,812
	<u>11,125,694</u>
Right-of-use assets cost (Note 8)	<u>11,125,694</u>
Leased liabilities based on future cashflows	(11,092,882)
Adjustment of accruals	(229,775)
Leased liabilities recognised (Note 14)	<u>(11,322,657)</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 three-month period ended 31 March 2019:

	<i>AED</i> <i>(Unaudited)</i>
Depreciation expense on right-of-use assets (under IFRS 16)	(782,688)
Finance costs (under IFRS 16)	(156,384)
Rental – operating lease (under IAS 17)	853,404
	<u>(85,668)</u>
Net impact on profit for the period	<u>(85,668)</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.

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.

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

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

New standards, interpretations and amendments thereof, adopted by the Company (continued)

IFRS 16 Leases (continued)

Lease liabilities (continued)

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.

3 LOSS FOR THE PERIOD

Loss for the period is stated after charging:

	<i>Three months period ended</i>	
	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Staff costs	<u>3,748,628</u>	<u>4,337,431</u>
Rental - operating leases	<u>245,119</u>	<u>1,016,784</u>

Rental – operating leases expense relates to the lease contracts that 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').

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

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 31 March 2019 revenue from customers located in the Company's country of domicile (UAE) is AED 8.04 million (three-month period ended 31 March 2018: AED 9.8 million) and revenue from customers outside the UAE (foreign customers) is AED 0.84 million (three-month period ended 31 March 2018: AED 1.4 million).

b) Major customers

Revenue from one major customer amounts to AED 0.6 million (three-month period ended 31 March 2018: AED 0.9 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 (three-month period ended 31 March 2018: AED Nil).

5 EARNINGS 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 3.42 million (period ended 31 March 2018: Loss of AED 1.98 million) by the weighted average number of shares outstanding during the period of 30 million shares (period ended 31 March 2018: 30 million shares).

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

6 PROPERTY, PLANT AND EQUIPMENT

Additions

During the three-month period ended 31 March 2019, the Company acquired assets amounting to AED 10 thousand (three-month period ended 31 March 2018: AED 500 thousand).

Depreciation

The depreciation expense amounted to AED 1.11 million (three-month period ended 31 March 2018: AED 1.40 million).

7 INVESTMENT PROPERTIES

Depreciation

The depreciation charge for the period ended is AED 31 thousand (three-month period ended 31 March 2018: AED 35 thousand).

Rental income from investment properties

The Company has earned rental income for the period of AED 80 thousand (three-month period ended 31 March 2018: AED 70 thousand).

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

8 RIGHT-OF- USE ASSETS

	<i>AED</i> <i>(Unaudited)</i>
At 1 January 2019 (Note 2)	11,125,694
Less: depreciation for the period	(782,688)
At 31 March 2019	10,343,006

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

	<i>31 March</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Opening balance	1,863,946	2,741,974
Change in market fair value through OCI	46,496	(878,028)
Closing balance	1,910,442	1,863,946

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

10 INVENTORIES

	<i>31 March</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Raw materials	5,313,276	4,523,052
Finished goods	2,687,278	2,746,230
Spare parts	3,859,904	3,971,844
Others	349,248	370,020
	12,209,706	11,611,146
Less: provision for slow moving inventories	(2,490,840)	(2,433,507)
	9,718,866	9,177,639

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

11 TRADE AND OTHER RECEIVABLES

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade receivables	9,177,185	10,955,770
Less: allowance for impairment	<u>(1,565,938)</u>	<u>(1,505,973)</u>
	7,611,247	9,449,797
Prepayments	1,892,874	1,394,730
Advances to suppliers	259,582	19,908
Excise tax receivable	180,324	195,288
Other receivables	708,913	845,685
	<u>10,652,940</u>	<u>11,905,408</u>

12 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Cash at bank and on hand	295,422	508,345
Other cash equivalents	45,441	44,204
Short-term deposits	<u>15,329,495</u>	<u>15,175,000</u>
Bank balance and cash	15,670,358	15,727,549
Bank overdrafts*	<u>(8,309,899)</u>	<u>(5,169,538)</u>
Less: Fixed deposit with original maturity of more than three months or hypothecated with bank	<u>(15,329,495)</u>	<u>(15,175,000)</u>
Cash and cash equivalents	<u>(7,969,036)</u>	<u>(4,616,989)</u>

*Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting to AED 15 million at 31 March 2019 (31 December 2018: AED 6 million).

13 TRADE AND OTHER PAYABLES

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade payables	6,749,150	8,273,066
VAT tax payable	175,789	195,268
Accrued expenses and other payables	<u>1,969,988</u>	<u>2,326,544</u>
	<u>8,894,927</u>	<u>10,794,878</u>

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

14 LEASED LIABILITIES

	<i>AED</i> <i>(Unaudited)</i>
At 1 January 2019 (Note 2)	11,322,657
Add: finance cost	156,384
Less: payments during the period	<u>(697,509)</u>
At 31 March 2019	<u>10,781,532</u>

Presented on statement of financial position as follows:

	<i>AED</i> <i>(Unaudited)</i>
Current	3,086,465
Non-current	<u>7,695,067</u>
At 31 March 2019	<u>10,781,532</u>

15 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>Three-month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Sales to a related party	<u>9,661</u>	<u>-</u>

Compensation of key management personnel

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

	<i>Three-month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Short-term benefits	139,638	139,638
Employees' end of service benefits	<u>1,493</u>	<u>-</u>

b. Due from a related party:

	<i>31 March</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Due from a related party	<u>9,992</u>	<u>2,811</u>

Emirates Refreshments (P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (Unaudited)

16 CONTINGENCIES AND COMMITMENTS

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Letters of credit	<u>2,088,363</u>	<u>2,686,903</u>
Letters of guarantee	<u>750,000</u>	<u>750,000</u>
Capital commitments	<u>237,116</u>	<u>195,101</u>

Subsequent to 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 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.

Assets measured at fair value

	<i>31 March 2019 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
Investment securities measured at FVOCI (Unaudited)	<u>1,910,442</u>	<u>1,910,442</u>	<u>-</u>	<u>-</u>
	<i>31 December 2018 AED</i>	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
Investment securities measured at FVOCI (Audited)	<u>1,863,946</u>	<u>1,863,946</u>	<u>-</u>	<u>-</u>

18 COMPARATIVE AND OTHER INFORMATION

The company has reclassified AED 28,150 from selling and distribution expense to discount and marketing expense (IFRS 15 impact), AED 27,942 from cost of sales and AED 21,520 from selling and distribution expense to general and administrative expenses.