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

Review report and
Interim financial information
for the six month period ended
30 June 2019

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

Contents

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai
United Arab Emirates

Tel: +971 (0) 4 376 8888
Fax:+971 (0) 4 376 8899
www.deloitte.com

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 June 2019, and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. 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 are not prepared, in all material respects in accordance with IAS 34.

Other matter

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor, who expressed an unmodified opinion on those statements on 3 March 2019. Furthermore, the interim financial information for the six month period ended 30 June 2018 were reviewed by another auditor, who expressed an unmodified conclusion on 13 August 2018.

Deloitte & Touche (M.E.)

Musa

Musa Ramahi
Registration No. 872
28 July 2019
Dubai
United Arab Emirates

Condensed statement of financial position
As at 30 June 2019

	Notes	30 June 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	656,430	668,958
Right-of-use-assets	2	113,636	-
Intangible assets		17,833	19,899
Investment securities	5	99,446	115,001
Total non-current assets		887,345	803,858
Current assets			
Inventories		55,312	52,866
Trade and other receivables		191,658	188,071
Contract assets		5,535	5,612
Cash and cash equivalents	6	72,329	94,810
Total current assets		324,834	341,359
Total Assets		1,212,179	1,145,217
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		68,363	83,918
Cash flow hedge reserve		(794)	(1,281)
Retained earnings		50,535	61,590
Total equity		871,505	897,628
Non-current liabilities			
Employees' end of service benefits		23,567	23,252
Lease liabilities	2	103,748	-
Term loans - non-current portion	10	15,048	20,064
Total non-current liabilities		142,363	43,316
Current liabilities			
Trade and other payables		137,298	138,866
Lease liabilities	2	11,317	-
Contract liabilities		22,183	20,837
Term loans - current portion	10	27,513	44,570
Total current liabilities		198,311	204,273
Total liabilities		340,674	247,589
Total Equity and Liabilities		1,212,179	1,145,217

Mr. Ali Bin Humaid Al Owais
Vice Chairman

Dr. Ayoub Mohamed Amin Ahmed Kazim
Director

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

Condensed statement of profit or loss (unaudited)
for the six month period ended 30 June 2019

	Notes	Six month period ended 30 June		Three month period ended 30 June	
		2019	2018	**2019**	2018
		AED'000	AED'000	**AED'000**	AED'000
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	11	**302,167**	285,976	**162,671**	150,881
Cost of sales		**(196,621)**	(196,741)	**(101,544)**	(103,525)
Gross profit		**105,546**	89,235	**61,127**	47,356
Other operating income		**4,292**	4,233	**2,174**	2,116
Selling and distribution expenses		**(53,206)**	(55,285)	**(28,913)**	(25,473)
General and administrative expenses		**(26,010)**	(26,960)	**(13,293)**	(14,092)
Amortisation of intangible assets		**(2,112)**	(4,110)	**(1,057)**	(2,048)
Operating income		**28,510**	7,113	**20,038**	7,859
Finance costs		**(2,859)**	(1,381)	**(1,491)**	(1,057)
Dividend income		**5,073**	5,085	**-**	-
Other income, net		**161**	183	**141**	175
Profit for the period		**30,885**	11,000	**18,688**	6,977
Earnings per share in AED	8	**0.34**	0.12	**0.21**	0.08

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

Condensed statement of comprehensive income (unaudited) for the six month period ended 30 June 2019

	Six month period ended 30 June		Three month period ended 30 June	
	2019	2018	**2019**	2018
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit for the period	**30,885**	11,000	**18,688**	6,977
Other comprehensive loss				
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Change in fair value of investment securities measured at FVOCI, equity instruments	**(15,555)**	(20,751)	**(15,544)**	(7,244)
Change in fair value of cash flow hedges	**487**	(1,230)	**(319)**	(176)
Total other comprehensive loss	**(15,068)**	(21,981)	**(15,863)**	(7,420)
Total comprehensive income/(loss) for the period	**15,817**	(10,981)	**2,825**	(443)

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

Condensed statement of changes in equity for the six month period ended 30 June 2019

	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 2018 (audited)	**90,000**	**45,000**	**618,401**	**107,755**	**1,230**	**87,489**	**949,875**
Adjustment in initial application of IFRS 15	-	-	-	-	-	6,250	6,250
Adjusted balance as at 1 January 2018	90,000	45,000	618,401	107,755	1,230	93,739	956,125
Profit for the period	-	-	-	-	-	11,000	11,000
Other comprehensive loss	-	-	-	(20,751)	(1,230)	-	(21,981)
Total comprehensive loss for the period	-	-	-	(20,751)	(1,230)	11,000	(10,981)
Dividends declared (Note 7)	-	-	-	-	-	(63,000)	(63,000)
At 30 June 2018 (unaudited)	**90,000**	**45,000**	**618,401**	**87,004**	**-**	**41,739**	**882,144**
At 1 January 2019 (audited)	**90,000**	**45,000**	**618,401**	**83,918**	**(1,281)**	**61,590**	**897,628**
Profit for the period	-	-	-	-	-	30,885	30,885
Other comprehensive (loss)/income	-	-	-	(15,555)	487	-	(15,068)
Total comprehensive (loss)/income for the period	-	-	-	(15,555)	487	30,885	15,817
Dividends declared (Note 7)	-	-	-	-	-	(41,940)	(41,940)
At 30 June 2019 (unaudited)	**90,000**	**45,000**	**618,401**	**68,363**	**(794)**	**50,535**	**871,505**

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

Condensed statement of cash flows (unaudited)
for the six month period ended 30 June 2019

	Six month period ended 30 June 2019 AED'000	2018 AED'000
Cash flows from operating activities		
Profit for the period	**30,885**	11,000
Adjustments for:		
Amortisation of intangible assets	**2,112**	4,110
Depreciation on property, plant and equipment	**23,109**	23,963
Depreciation on right-of-use assets	**6,435**	-
Finance costs, net	**2,859**	1,381
(Gain)/loss on sale of assets	**(28)**	135
Dividend income	**(5,073)**	(5,085)
Provision for employees' end of service benefits	**1,037**	1,702
Operating cash flows before changes in operating assets and liabilities	**61,336**	37,206
(Increase)/decrease in inventories	**(2,446)**	20,336
Increase in trade and other receivables	**(3,587)**	(68,372)
Decrease in contract assets	**77**	6,433
Increase/(decrease) in trade and other payables	**2,699**	(17,011)
Increase in contract liabilities	**1,346**	4,546
Cash generated from/(used in) operations	**59,425**	(16,862)
Employees' end of service benefits paid	**(722)**	(1,078)
Net cash generated from/(used in) operating activities	**58,703**	(17,940)
Cash flows from investing activities		
Purchase of intangible assets	**(46)**	(764)
Purchase of property, plant and equipment	**(10,601)**	(9,107)
Proceeds from disposal of property, plant and equipment	**48**	343
Dividend income, net	**5,073**	5,085
Finance income, net	**265**	512
Net cash used in investing activities	**(5,261)**	(3,931)
Cash flows from financing activities		
Repayment of term loans	**(22,073)**	(22,029)
Director fees paid	**(3,780)**	(4,200)
Dividends paid	**(41,940)**	(63,000)
Finance expense, paid	**(1,044)**	(1,893)
Lease payments	**(7,086)**	-
Net cash used in financing activities	**(75,923)**	(91,122)
Net decrease in cash and cash equivalents	**(22,481)**	(112,993)
Cash and cash equivalents at beginning of the period	**94,810**	165,525
Cash and cash equivalents at 30 June	**72,329**	52,532

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

Notes to the interim financial information for the six month period ended 30 June 2019

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 six months period ended 30 June 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim financial information 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 six months period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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

2.2 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual 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* that requires restatement of previous financial statements. 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 financial information of the Company.

IFRS 16 *Leases*

IFRS 16 *Leases* 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 is effective for annual periods commencing on or after 1 January 2019. It stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Company's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for future lease obligations. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

IFRS 16 *Leases (continued)*

Policy applicable from 1 January 2019

The Company has adopted IFRS 16 using the modified retrospective transition 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. IFRS 16 transition disclosures also requires the Company to present the reconciliation.

Operating lease commitments disclosed as of 31 December 2018 was AED 166,947 thousand and after the adjustments lease liability recognised as of 1 January 2019 was AED 120,071 thousand.

	AED'000
Lease liability recognised as at 1 January 2019	**120,071**
Of which are:	
Current lease liabilities	12,947
Non-current lease liabilities	107,124
	120,071

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- Right-of-use assets - increase by AED 120,071 thousand
- Lease liabilities - increase by AED 120,071 thousand

Based on the approach adopted by the Company on adoption of IFRS 16 *Leases*, it did not result in any impact on retained earnings on 1 January 2019.

The Company adopted IFRS 16 from 1 January 2019, which resulted in additional net charge of AED 1,429 thousand in the statement of profit or loss account for the period ended 30 June 2019.

Notes to the interim financial information
for the six months period ended 30 June 2019 (continued)

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

IFRS 16 *Leases (continued)*

Policy applicable from 1 January 2019 (continued)

Below are the adjustments recorded for IFRS 16 in the current period:

	Amounts before adopting IFRS 16 AED'000	Adjustments for IFRS 16 AED'000	Amounts as reported after IFRS 16 adjustment AED'000
Right-of-use assets	-	113,636	113,636
Lease liability	-	(115,065)	(115,065)
Depreciation on right-of-use assets	-	6,435	6,435
Interest expense	318	2,080	2,398
Operating lease expense	7,086	(7,086)	-

	AED'000
Lease liability recognised as at 30 June 2019	**115,065**
Of which are:	
Current lease liabilities	11,317
Non-current lease liabilities	103,748
	115,065

Below given policy is applied to all active contracts as of 1 January 2019, contracts entered into, or changed, after 1 January 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for the Company for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

IFRS 16 *Leases (continued)*

Policy applicable from 1 January 2019 (continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, where the contract is not separable into lease and non-lease component then the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. Basis of preparation and accounting policies (continued)

2.2 Changes in accounting policy and disclosures (continued)

IFRS 16 *Leases (continued)*

Policy applicable from 1 January 2019 (continued)

Practical expedient

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- reliance on previous assessments on whether leases are onerous.

The related changes in judgments and estimation uncertainties pertaining to IFRS 16 are given below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Discounting of lease payments

The lease payments are discounted using the Company's incremental borrowing rate ("IBR"). For calculation of IBR, the Company has taken the interest rate at the rate of 3.5% per annum as on the transition date and the rate is adjusted for Company's specific risk, term risk and underlying asset risk.

2.3 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 2018, except for estimates and judgements applicable on adoption of IFRS 16, which are noted above.

Notes to the interim financial information for the six months period ended 30 June 2019 (continued)

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 quarter ended 30 June 2019, revenue from customers located in the Company's country of domicile (UAE) is AED 249,796 thousand (period ended 30 June 2018: AED 245,657 thousand) and revenue from customers outside UAE (foreign customers) is AED 52,371 thousand (period ended 30 June 2018: AED 40,319 thousand).

b) Major customers

During the period ended 30 June 2019 and 30 June 2018, there were no customers 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 June 2019, the additions to property, plant and equipment amounted to AED 10,601 thousand (period ended 30 June 2018: AED 9,107 thousand).

Depreciation for the period ended 30 June 2019 amounting to AED 23,109 thousand (period ended 30 June 2018: AED 23,963 thousand).

During the period ended 30 June 2019, the Company transferred assets amounting to AED 8,114 thousand (2018: AED 17,259 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 June 2019, assets with a net carrying value of AED 20 thousand (period ended 30 June 2018: AED 478 thousand) were disposed of by the Company resulting in a net gain of AED 28 thousand (period ended 30 June 2017: a loss of AED 135 thousand).

5. Investment securities

	30 June 2019 AED'000 (unaudited)	31 December 2018 AED'000 (audited)
Balance at the beginning of the period/year	**115,001**	138,838
Change in market fair value for the period/year	**(15,555)**	(23,837)
Balance at the end of the period/year	**99,446**	115,001

Notes to the interim financial information
for the six months period ended 30 June 2019 (continued)

6. Cash and cash equivalents

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

	30 June 2019 AED'000 (unaudited)	31 December 2018 AED'000 (audited)
Cash at bank and on hand	**62,258**	64,691
Short-term deposits with original maturity of less than three months	**10,071**	30,119
	72,329	94,810

7. Dividends

During the Annual General Meeting held on 27 March 2019, the shareholders approved a cash dividend of AED 0.466 per share totaling to AED 41.9 million relating to 2018 (period ended 30 June 2018: AED 0.70 per share totaling to AED 63 million relating to 2017).

8. Basic earnings per share

Basic and diluted earnings per share is calculated by dividing the profit for the period 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.

	Six month period ended 30 June		Three month period ended 30 June	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	**2019 AED'000 (Unaudited)**	2018 AED'000 (Unaudited)
Profit for the period (AED'000)	**30,885**	11,000	**18,688**	6,977
Weighted average number of ordinary shares ('000)	**90,000**	90,000	**90,000**	90,000
Earnings per ordinary share - Basic and diluted (AED)	**0.34**	0.12	**0.21**	0.08

9. 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.

Notes to the interim financial information
for the six months period ended 30 June 2019 (continued)

9. Related party transactions and balances (continued)

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-related parties.

Significant transactions with related parties included in the condensed income statement are as follows:

	Six month period ended 30 June		**Three month period ended 30 June**	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	**2019 AED'000 (Unaudited)**	2018 AED'000 (Unaudited)
Sales to a related party	**1,312**	1,561	**703**	498
Purchase from a related party	**295**	-	**109**	-

Compensation of key management personnel

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

	Six month period ended 30 June		**Three month period ended 30 June**	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	**2019 AED'000 (Unaudited)**	2018 AED'000 (Unaudited)
Short-term benefits	**5,394**	5,126	**2,607**	2,507
Employees' end of service benefits	**227**	323	**114**	107
	5,621	5,449	**2,721**	2,614

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

	30 June 2019 AED'000 (unaudited)	31 December 2018 AED'000 (audited)
Due from a related party		
Other related party (included in trade and other receivables)		
Oman Refreshments Company Limited	**409**	350
Due to a related party		
Other related party (included in trade and other payables)		
Oman Refreshments Company Limited	**7**	-

Notes to the interim financial information
for the six months period ended 30 June 2019 (continued)

10. Term loans

	Current portion AED'000	Non-current portion AED'000	Total AED'000
Loan 1 (a)	17,000	-	17,000
Loan 2 (b)	7,332	10,493	17,825
Loan 3 (b)	3,181	4,555	7,736
Balance at 30 June 2019	**27,513**	**15,048**	**42,561**
Balance at 31 December 2018	44,570	20,064	64,634

(a) The Company obtained a term loan from a local bank to finance the construction of an office and plant facility (Greenfield Project) at DIP. As approved by the Board of Directors of the Company, this loan was capped at AED 170 million with 5 years repayment period. The repayment started from January 2015 and will end in July 2019. The loan carries interest at 3 months LIBOR plus margin as per market. The loan is secured by assignment of leasehold rights over the plot and chattel mortgage and assignment of insurance benefits over plant & machinery.

(b) The Company obtained two term loans denominated in US Dollar to finance the acquisition of new plant and machinery. The loans are repayable in 14 semi-annual instalments commenced from 15 January 2015 and carry interests at 6 months LIBOR plus margin as per market. In AED terms, the outstanding amount as of 30 June 2019 is AED 25,561 thousand (31 December 2018: AED 35,078 thousand).

11. Revenue

	Six month period ended 30 June		**Three month period ended 30 June**	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	**2019 AED'000 (Unaudited)**	2018 AED'000 (Unaudited)
Local sales				
Long term contracts	**164,209**	147,227	**90,904**	74,771
Transaction based contracts	**85,587**	98,430	**45,733**	55,840
	249,796	245,657	**136,637**	130,611
Export sales				
Long term contracts	**15,925**	18,302	**8,351**	5,466
Transaction based contracts	**36,446**	22,017	**17,683**	14,804
	52,371	40,319	**26,034**	20,270
Total revenue	**302,167**	285,976	**162,671**	150,881

Notes to the interim financial information
for the six months period ended 30 June 2019 (continued)

12. Profit for the period

The profit for the period is stated after charging:

	Six month period ended 30 June		Three month period ended 30 June	
	2019	2018	**2019**	2018
	AED'000	AED'000	**AED'000**	AED'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff cost	**43,601**	44,791	**21,295**	22,089
Depreciation expense	**29,544**	23,963	**18,002**	12,001

13. Contingencies and capital commitments

	30 June 2019	31 December 2018
	AED'000	AED'000
	(unaudited)	(audited)
Bank guarantees	**12,285**	12,577
Capital commitments - contracted	-	299

During the third quarter of 2018, the Company filed objections with regards to the excise duty levied by the Federal Tax Authority's ("Authority") on the inventory in hand of carbonated drinks as on 1 October 2017 being the effective date of the excise duty. The objections were filed with Tax Disputes Settlement Committee ("Committee") relating to excise duty for penalty amount of about AED 20.8 million recorded under "Trade and other receivables". In April 2019, the Committee awarded the decision to reduce the penalty to AED 8.8 million. The Company and FTA both have filed appeals against the decision before the Federal courts of UAE in accordance with the applicable laws and regulations.

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 securities. Financial liabilities consist of bank borrowings, 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 base on observable market data.

14. Fair values of financial instruments (continued)

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

Assets measured at fair value

30 June 2019 (unaudited)	**Total AED'000**	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**
Investment securities				
Quoted equity shares consumer products sector (Note 5)	**99,446**	**99,446**	**-**	**-**
Negative fair value of derivatives - held as cash flow hedge	**794**	**-**	**794**	**-**

Assets measured at fair value

31 December 2018 (audited)	**Total AED'000**	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**
Investment securities				
Quoted equity shares Consumer products sector (Note 5)	115,001	115,001	-	-
Negative fair value of derivatives - held as cash flow hedge	1,281	-	1,281	-

15. Seasonality of results

No income of seasonal nature was recorded in the condensed financial statements for the six-month period ended 30 June 2019 and 2018.

16. Approval of interim financial information

The interim financial information were approved by the Board of Directors and authorized for issue on 28 July 2019.