

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

**Review report and interim financial information
for the three months period ended 31 March 2023**

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 31 March 2023, and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the three 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.)




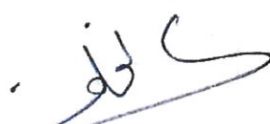
Akbar Ahmad
Registration No.: 1141
9 May 2023
Dubai
United Arab Emirates

**Condensed statement of financial position
as at 31 March 2023**

	Notes	31 March 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	565,948	573,138
Investment property		14,946	14,946
Right-of-use assets		87,913	91,299
Intangible assets		4,637	4,780
Investment in financial assets	5	91,563	112,255
Total non-current assets		765,007	796,418
Current assets			
Inventories		99,087	69,467
Trade and other receivables		213,740	190,020
Cash and cash equivalents	6	220,501	254,331
Total current assets		533,328	513,818
Total Assets		1,298,335	1,310,236
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		60,480	81,172
Cash flow hedge reserve		350	252
Retained earnings		103,792	140,522
Total equity		918,023	975,347
Non-current liabilities			
Employees' end of service benefits		32,070	31,381
Lease liabilities- non-current portion		85,382	87,190
Total non-current liabilities		117,452	118,571
Current liabilities			
Trade and other payables	10	250,263	202,406
Lease liabilities - current portion		12,597	13,912
Total current liabilities		262,860	216,318
Total Liabilities		380,312	334,889
Total Equity and Liabilities		1,298,335	1,310,236

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 three months period ended 31 March 2023**

	Notes	Three months period ended 31 March	
		2023 AED'000	2022 AED'000
Revenue	11	168,361	178,321
Cost of sales		(108,811)	(111,954)
Gross profit		59,550	66,367
Other operating income		1,760	1,821
Selling and distribution expenses		(25,881)	(24,392)
General and administrative expenses		(13,625)	(12,972)
Amortisation of intangible assets		(1,022)	(930)
Operating income		20,782	29,894
Finance income		1,674	265
Finance costs		(5)	(9)
Lease interest costs		(884)	(923)
Dividend income		4,069	4,069
Other income		634	553
Profit for the period		26,270	33,849
Earnings per share in AED	8	0.29	0.38

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

**Condensed statement of comprehensive income (unaudited)
for the three months period ended 31 March 2023**

	Three months period ended	
	31 March	
	2023	2022
	AED'000	AED'000
Profit for the period	26,270	33,849
Other comprehensive (loss)/income		
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Change in fair value of investment in equity instrument designated as at FVOCI	(20,692)	(12)
Change in fair value of cash flow hedges	98	2,940
Total other comprehensive (loss)/income	(20,594)	2,928
Total comprehensive income for the period	5,676	36,777

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

**Condensed statement of changes in equity
for the three months period ended 31 March 2023**

	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 2022 (audited)	90,000	45,000	618,401	87,613	(179)	102,073	942,908
Profit for the period	-	-	-	-	-	33,849	33,849
Other comprehensive income/(loss)	-	-	-	(12)	2,940	-	2,928
Total comprehensive income/(loss) for the period	-	-	-	(12)	2,940	33,849	36,777
Dividend declared (Note 7)	-	-	-	-	-	(63,000)	(63,000)
At 31 March 2022 (unaudited)	90,000	45,000	618,401	87,601	2,761	72,922	916,685
At 1 January 2023 (audited)	90,000	45,000	618,401	81,172	252	140,522	975,347
Profit for the period	-	-	-	-	-	26,270	26,270
Other comprehensive (loss)/income	-	-	-	(20,692)	98	-	(20,594)
Total comprehensive income/(loss) for the period	-	-	-	(20,692)	98	26,270	5,676
Dividend declared (Note 7)	-	-	-	-	-	(63,000)	(63,000)
At 31 March 2023 (unaudited)	90,000	45,000	618,401	60,480	350	103,792	918,023

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

**Condensed statement of cash flows (unaudited)
for the three months period ended 31 March 2023**

	Three months period ended 31 March	
	2023 AED'000	2022 AED'000
Cash flows from operating activities		
Profit for the period	26,270	33,849
Adjustments for:		
Depreciation on property, plant and equipment	9,923	9,649
Depreciation on right-of-use assets	3,458	3,349
Amortisation of intangible assets	1,022	930
Finance income, net	(1,669)	(256)
Loss/(gain) on sale of property, plant and equipment	151	(31)
Interest expense on lease	775	923
Dividend income	(4,069)	(4,069)
Provision for employees' end of service benefits	959	807
Operating cash flows before changes in operating assets and liabilities	36,820	45,151
(Increase) / decrease in inventories	(29,620)	10,243
Increase in trade and other receivables	(19,651)	(20,539)
(Decrease) / increase in trade and other payables	(10,845)	36,217
Cash (used in) / generated from operations	(23,296)	71,072
Employees' end of service benefits paid	(269)	(91)
Net cash (used in) / generated from operating activities	(23,565)	70,981
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,329)	(27,424)
Purchase of intangible assets	(12)	-
Proceeds from disposal of property, plant and equipment	578	31
Finance income net	1,674	265
Net cash used in investing activities	(2,089)	(27,128)
Cash flows from financing activities		
Director fees paid	(4,200)	(3,600)
Finance expense, paid	(5)	(9)
Lease payments	(3,971)	(3,940)
Net cash used in financing activities	(8,176)	(7,549)
Net (decrease) / increase in cash and cash equivalents	(33,830)	36,304
Cash and cash equivalents at beginning of the period	254,331	155,816
Cash and cash equivalents at 31 March	220,501	192,120

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

Notes to the interim financial information for the three months period ended 31 March 2023

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.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

2. Basis of preparation and accounting policies

2.1 Basis of preparation

The interim financial information for the three months period ended 31 March 2023 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 2022.

In addition, results for the three months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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.

2.2 New standards, amendments and interpretations

(a) *Amendment to standards and interpretations issued and effective during the financial year beginning 1 January 2023.*

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors
- Amendments to IAS 1 Presentation of Financial Statements relating to classification of liabilities as current or non-current
- Amendment to IFRS 17 Insurance Contracts
- Amendments to IFRS 4 Insurance Contracts relating to extension of the temporary exemption from applying IFRS 9
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2
- Amendments to IAS 12 Income Taxes relating to deferred tax related to assets and liabilities arising from a single transaction

**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

2. Basis of preparation and accounting policies (continued)

2.2 New standards, amendments and interpretations (continued)

(b) New standards and amendments issued but not yet effective

The Company has not early adopted the following new and revised standards that have been issued but are not yet effective. The management is in the process of assessing the impact of the new requirements.

New and revised IFRS	Effective for annual periods beginning on or after
Amendments to IFRS 16 <i>Leases</i>	1 January 2024
Amendments to IAS 1 <i>Presentation of Financial Statements and IFRS Statement 2</i>	1 January 2024
Amendment to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> relating to treatment of sale or contribution of assets from investors	Effective deferred indefinitely.

The above stated new standards and amendments assessment are under process by the Company. However, they are not expected to have any significant impact on condensed financial information of the Company.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the condensed financial information of the Company.

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 2022.

2.4 Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023.

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 Company is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities

**Notes to the interim financial information
for the three months period ended 31 March 2023 (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 period ended 31 March 2023, revenue from customers located in the Company's country of domicile (UAE) is AED 147,291 thousand (period ended 31 March 2022: AED 158,819 thousand) and revenue from customers outside UAE (foreign customers) is AED 21,070 thousand (period ended 31 March 2022: AED 19,502 thousand).

b) Major customers

During the period ended 31 March 2023 and 31 March 2022, 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 31 March 2023, the additions to property, plant and equipment amounted to AED 4,329 thousand (period ended 31 March 2022: AED 27,424 thousand).

Depreciation for the period ended 31 March 2023 amounting to AED 9,923 thousand (period ended 31 March 2022: AED 9,649 thousand).

During the period ended 31 March 2023, the Company transferred assets amounting to AED 867 thousand (2022: AED Nil), 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 31 March 2023, assets with a net carrying value of AED 729 thousand (period ended 31 March 2022: AED Nil) were disposed of by the Company resulting in a net loss of AED 151 thousand (gain - period ended 31 March 2022: AED 31 thousand).

**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

5. Investment in financial assets

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
<i>Investment in equity instruments designated at FVOCI</i>		
Balance at the beginning of the period/year	112,255	118,696
Change in fair value for the period/year	(20,692)	(6,441)
	<hr/>	<hr/>
Balance at the end of the period/year	91,563	112,255
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6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash at bank and on hand	118,767	67,673
Short-term deposits with original maturity of less than three months	101,734	186,658
	<hr/>	<hr/>
	220,501	254,331
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7. Dividends

During the Annual General Meeting held on 16 March 2023, the shareholders approved a cash dividend of AED 0.70 per share totaling to AED 63 million relating to 2022 (period ended 31 March 2022: AED 0.70 per share totaling to AED 63 million relating to 2021) and will be paid subsequently.

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:

	Three months period ended 31 March	
	2023 (Unaudited)	2022 (Unaudited)
Profit for the period (AED'000)	26,270	33,849
Weighted average number of ordinary shares ('000)	90,000	90,000
	<hr/>	<hr/>
Earnings per ordinary share - Basic and diluted (AED)	0.29	0.38
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**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

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.

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 statement of profit or loss are as follows:

	Three months period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Sales to a related party	1,310	397
Purchase from a related party	896	896
	=====	=====

Compensation of key management personnel

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

	Three months period ended 31 March	
	2023	2022
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Short-term benefits	3,207	2,920
Employees' end of service benefits	347	126
Director's sitting fee	80	50
	=====	=====
	3,634	3,096

**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

9. Related party transactions and balances (continued)

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

	31 March 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
<i>Due from a related party</i>		
<i>Other related party (included in trade and other receivables)</i>		
Oman Refreshments Company Limited	1,310	980
<i>Due to a related party</i>		
<i>Other related party (included in trade and other payables)</i>		
Oman Refreshments Company Limited	414	1,066

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.

10. Trade and other payables

	31 March 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Trade payable	55,593	61,352
Accrued expenses	46,126	40,752
Accrual for staff costs	6,248	12,236
Contract liabilities	30,441	29,175
Advances from customers	4,848	8,335
Deferred income	9,787	10,074
Due to a related party (Note 9)	414	1,066
Dividend payable	63,000	-
Other payables	33,806	39,416
	250,263	202,406

**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

11. Revenue

	Three months period ended 31 March	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
<i>Local sales</i>		
Long term contracts	104,290	107,548
Transaction based contracts	43,001	51,271
	147,291	158,819
<i>Export sales</i>		
Long term contracts	5,363	13,416
Transaction based contracts	15,707	6,086
	21,070	19,502
Total revenue	168,361	178,321

12. Profit for the period

The profit for the period is stated after charging:

	Three months period ended 31 March	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Staff cost	24,391	23,054
Depreciation expense	13,381	12,998

13. Contingencies and capital commitments

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
	Bank guarantees	12,250

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 bank borrowings, payables, contract liabilities and derivatives.

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

**Notes to the interim financial information
for the three months period ended 31 March 2023 (continued)**

14. Fair values of financial instruments (continued)

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.

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
31 March 2023 (unaudited)				
<i>Investment in financial assets</i>				
Quoted equity investments - FVTOCI (Note 5)	91,563	91,563	-	-
Positive fair value of derivatives - held as cash flow hedge	350	-	350	-

Assets measured at fair value

	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2022 (audited)				
<i>Investment in financial assets</i>				
Quoted equity investments -FVTOCI (Note 5)	112,255	112,255	-	-
Positive fair value of derivatives - held as cash flow hedge	252	-	252	-

15. Seasonality of results

No income of seasonal nature was recorded in the condensed financial statements for the three months period ended 31 March 2023 and 2022.

16. Approval of interim financial information

The interim financial information was approved by the Board of Directors and authorised for issue on 9 May 2023.