EMIRATES REFRESHMENTS (P.S.C.)

Review report and condensed consolidated financial information for the six-month period ended 30 June 2021

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF EMIRATES REFRESHMENTS (P.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Emirates Refreshments (P.S.C.) (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of this 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 of the Group is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The consolidated financial statements as at 31 December 2020 were audited by another auditor, whose report dated 4 March 2021 expressed an unmodified opinion thereon. The prior period comparative interim financial information for the six-month period ended 30 June 2020, was reviewed by another auditor who issued an unmodified conclusion dated 9 August 2020.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration No. 717
10 August 2021
Abu Dhabi
United Arab Emirates

Condensed consolidated statement of financial position as at 30 June 2021

	Notes	30 June 2021 AED (unaudited)	31 December 2020 AED (audited) (Restated)	1 January 2020 AED (audited) (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	**3,820,551**	4,481,407	4,040,372
Investment properties	6	**11,975,048**	12,085,461	3,693,000
Right-of-use assets	7	**2,694,908**	2,481,732	6,356,975
Financial assets at fair value through other comprehensive income (FVTOCI)	8	**841,101**	722,511	1,538,818
Total non-current assets		**19,331,608**	19,771,111	15,629,165
Current assets				
Inventories	9	**3,527,460**	4,187,924	5,262,335
Trade and other receivables	10	**4,525,715**	4,799,707	10,020,317
Due from a related party	11	**83,283**	127,542	-
Cash and cash equivalent	12	**15,658,234**	15,725,086	15,640,960
Non-current assets held for sale		-	-	6,225,938
Total current assets		**23,794,692**	24,840,259	37,149,550
Total assets		**43,126,300**	44,611,370	52,778,715
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**30,000,000**	30,000,000	30,000,000
Statutory reserve		-	-	10,002,276
Obligatory reserve		-	-	1,500,000
Fair value reserve		**446,152**	327,562	911,984
Accumulated losses		**(14,471,633)**	(11,357,066)	(16,304,094)
Total equity		**15,974,519**	18,970,496	26,110,166
Non-current liabilities				
Provision for employees' end of service benefits	14	**1,911,485**	2,019,752	2,075,602
Lease liabilities	15	**5,751,339**	5,450,044	5,120,303
Total non-current liabilities		**7,662,824**	7,469,796	7,195,905
Current liabilities				
Trade and other payables	16	**8,107,656**	9,203,254	9,555,441
Lease liabilities	15	**1,191,271**	1,862,320	2,380,771
Due to a related party	11	**909,651**	-	412,797
Bank overdrafts	12	**9,280,379**	7,105,504	7,123,635
Total current liabilities		**19,488,957**	18,171,078	19,472,644
Total liabilities		**27,151,781**	25,640,874	26,668,549
Total equity and liabilities		**43,126,300**	44,611,370	52,778,715

The condensed consolidated financial information has been approved by the Board of Directors on 10/08/2021, and signed on its behalf by:

General Manager	**Director**	**Chairman**

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of profit or loss for the six-month period ended 30 June 2021

	Notes	Three months ended 30 June 2021 AED (unaudited)	Three months ended 30 June 2020 AED (unaudited)	Six months ended 30 June 2021 AED (unaudited)	Six months ended 30 June 2020 AED (unaudited)
Revenues		**5,213,515**	5,664,013	**9,783,588**	13,762,703
Less: Discount		**(2,019)**	(70,224)	**(5,834)**	(138,360)
Revenue (net)		**5,211,496**	5,593,789	**9,777,754**	13,624,343
Cost of sales		**(3,105,606)**	(3,241,287)	**(5,802,852)**	(7,781,707)
Gross profit		**2,105,890**	2,352,502	**3,974,902**	5,842,636
Selling and distribution expenses		**(2,784,906)**	(2,555,734)	**(5,067,478)**	(5,281,980)
General and administrative expenses		**(2,468,209)**	(2,646,351)	**(5,592,521)**	(4,078,792)
Operating loss for the period		**(3,147,225)**	(2,849,583)	**(6,685,097)**	(3,518,136)
Finance cost		**(140,590)**	(158,562)	**(279,229)**	(337,446)
Finance income		**84,580**	125,755	**125,690**	224,816
Depreciation on leased plant and machinery	**5**	**(123,665)**	(464,689)	**(249,037)**	(464,689)
Loss on fair value of investment properties		**-**	-	**(110,413)**	-
Rental income	**6**	**500,694**	615,046	**1,165,388**	668,796
Other income		**2,922,719**	12,984	**2,918,131**	27,531
Net profit/(loss) for the period		**96,513**	(2,719,049)	**(3,114,567)**	(3,399,128)
Basic and diluted earning/(loss) per share	**17**	**0.003**	(0.091)	**(0.104)**	(0.113)

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021	2020	**2021**	2020
		AED	AED	**AED**	AED
		(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit/(loss) for the period		**96,513**	(2,719,049)	**(3,114,567)**	(3,399,128)
Other comprehensive income					
Items that will not be reclassified subsequently to statement of profit or loss					
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI	**8**	**35,345**	29,593	**118,590**	(90,691)
Total comprehensive income/(loss) for the period		**131,858**	(2,689,456)	**(2,995,977)**	(3,489,819)

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of changes in equity for the six-month period ended 30 June 2021

	Share capital AED	Statutory reserve AED	General reserve AED	Fair value reserve AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2021 (audited)	30,000,000	-	-	327,562	(11,357,066)	18,970,496
Loss for the period	-	-	-	-	(3,114,567)	(3,114,567)
Other comprehensive income for the period	-	-	-	118,590	-	118,590
Total comprehensive loss for the period	-	-	-	118,590	(3,114,567)	(2,995,977)
Balance at 30 June 2021 (unaudited)	**30,000,000**	-	-	**446,152**	**(14,471,633)**	**15,974,519**
Balance at 1 January 2020 (audited)	30,000,000	10,002,276	1,500,000	911,984	(16,304,094)	26,110,166
Loss for the period	-	-	-	-	(3,399,128)	(3,399,128)
Other comprehensive loss for the period	-	-	-	(90,691)	-	(90,691)
Transfer of fair value reserve of financial assets at fair value through other comprehensive income (FVTOCI)	-	-	-	(627,613)	627,613	-
Total comprehensive loss for the period	-	-	-	(718,304)	(2,771,515)	(3,489,819)
Transfer of legal and obligatory reserves to accumulated losses	-	(10,002,276)	(1,500,000)	-	11,502,276	-
Balance at 30 June 2020 (unaudited)	30,000,000	-	-	193,680	(7,573,333)	22,620,347

The accompanying notes form an integral part of the condensed consolidated financial information.

Condensed consolidated statement of cash flows for the six-month period ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	AED	AED
	(unaudited)	(unaudited)
Cash flows from operating activities		
Loss for the period	**(3,114,567)**	(3,399,128)
Adjustments for:		
Depreciation of property, plant and equipment	**822,463**	1,221,424
Depreciation on right-of-use assets	**899,290**	924,891
Loss on fair value of investment properties	**110,413**	30,500
Provision for employees' end of service benefits	**162,523**	162,707
Finance expense	**279,229**	337,446
Finance income	**(87,583)**	(177,182)
Dividend income from investment securities	**(38,107)**	(47,634)
Allowance for expected credit loss	**84,278**	1,394,160
Provision for obsolete inventories	**310,224**	61,587
Reversal of excess provisions for obsolete inventories	-	(278,874)
Gain on sale of investments	-	(3,580)
Operating cash flows before movements in working capital	**(571,837)**	226,317
Decrease in inventories	**350,240**	433,628
Decrease in trade and other receivables	**189,714**	1,758,888
Decrease/(increase) in amount due from a related party	**44,259**	(639,235)
Increase/(decrease) in amount due to a related party	**909,651**	(412,797)
Decrease in trade and other payables	**(1,095,598)**	(2,099,567)
Cash used in operations	**(173,571)**	(732,766)
Employees' end of service benefits paid	**(270,790)**	(203,111)
Net cash used in operating activities	**(444,361)**	(935,877)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(161,606)**	(647,693)
Proceeds from sale of investments	-	863,081
Dividend income received	**38,107**	47,634
Finance income received	**87,583**	177,182
Net cash (used in)/generated from investing activities	**(35,916)**	440,204
Cash flows from financing activities		
Finance cost paid	**(337,608)**	(136,736)
Repayment of principal portion of lease liability	**(1,423,842)**	(1,300,303)
Net cash used in financing activities	**(1,761,450)**	(1,437,039)
Net decrease in cash and cash equivalents	**(2,241,727)**	(1,932,712)
Cash and cash equivalents at beginning of the period	**(6,709,913)**	(6,812,170)
Cash and cash equivalents at end of the period (note 12)	**(8,951,640)**	(8,744,882)
Non-cash transactions		
Additions to right of use of assets	**1,112,466**	-
Transfer from non-current assets held for sale		
To property, plant and equipment	-	1,575,562
To investment properties	-	4,650,376

The accompanying notes form an integral part of the condensed consolidated financial information.

Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2021

1 General information

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 Decree-Law No. 26 of 2020 on the amendment of certain provisions of UAE Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and became effective on 2 January 2021. It requires companies to adjust their status in accordance with the provisions by 2 January 2022. The Group is in the process to assess the impact wherever applicable to ensure compliance with the changes in the law.

The principal activities of the Company are bottling and selling mineral water 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.

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

2 Application of new and revised International Financial Reporting Standards ("IFRSs)

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial information

The following new and revised IFRSs and amendments that were effective for annual periods beginning on or after 1 January 2021. The application of these revised IFRSs has not had an impact on the condensed consolidated financial information for the period ended 30 June 2021, but may affect the accounting for future transactions or arrangements

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform- Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

These amendments had no impact on the condensed consolidated financial information of the Group.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

2 Application of new and revised International Financial Reporting Standards ("IFRSs) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

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: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	Effective date not yet decided
Amendments to IAS 1 *Presentation of Financial Statements: 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.	1 January 2023

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	
The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.	
Amendments to IAS 16 *Property, Plant and Equipment* related to proceeds before intended use	1 January 2022
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41	The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.
Definition of Accounting Estimates - Amendments to IAS 8. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.	*1 January 2023*

The above stated new standards and amendments are not expected to have any significant impact on the condensed consolidated financial information of the Group.

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 consolidated financial information of the Group.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated financial information of the Group in the period of initial application.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

3 Summary of significant accounting policies

3.1 Statement of compliance

The condensed consolidated financial information is prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of the laws in the U.A.E. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2020. In addition, results for six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

3.2 Basis of preparation

The condensed consolidated financial information is presented in UAE Dirhams (AED), which is the functional currency of the Group.

This condensed consolidated financial information has been prepared on the historical cost basis, except for financial asset carried at fair value through other comprehensive income (FVOCI) and investment property that carried at fair value.

3.3 Significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial information are consistent with those used in the preparation of the audited annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the new and revised standards and interpretations effective 1 January 2021that are mentioned in Note 2.1.

3.4 Going concern

The Group incurred loss of AED 3.11 million for the period ended 30 June 2021 (30 June 2020: AED 3.40 million) and has accumulated losses amounting to AED 14.47 million which represent 48.24% of share capital (31 December 2020: 37.86%). During the period, the Group had disclosed a detailed analysis of the accumulated losses, their amount and percentage of the capital, the main reasons that led to these accumulated losses, their date and the actions that will be taken to address them. The group has planned the mitigating actions to reduce costs.

The management assessed that the Group has sufficient liquidity for the foreseeable future and accordingly has adopted the going concern basis in preparing the condensed consolidated financial information which assumes that Group will be able to meet its liabilities due for a period of not less than twelve months from the date of this condensed consolidated financial information.

4 Use of judgements and estimates

The preparation of condensed consolidated financial information requires management to make judgement, estimates and assumptions that effect the application of the accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimates uncertainty were the same as those that applied to the Group’s annual financial statements as at and for the year ended 31 December 2020 except as mentioned in Note 3 and reassessment of significant judgments, estimates and assumptions as discussed in note 20 which are primarily arising due to the outbreak of a novel strain of the coronavirus (“COVID 19).

5 Property, plant and equipment

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Property, plant and equipment at net carrying amount	**3,820,551**	4,481,407

Additions:

During the six-month period ended 30 June 2021, the Group acquired assets amounting to AED 0.162 million (six-month period ended 30 June 2020 AED 0.648 million).

Depreciation:

The depreciation expense amounted to AED 0.822 million during the six-month period ended 30 June 2021 (six-month period ended 30 June 2020: AED 1.221 million).

Leased equipment:

As at 9 April 2020, the Group leases out certain equipment of Dibba plant to Alpha Technologies Limited (related party). The lease term is one year with renewal option one year. The Group has classified this lease as operating lease as they do not transfer substantially all the of the risks and rewards incidental to ownership of the underlying asset and the lessee does not have an option to purchase the equipment at the expiry of the lease period. The carrying value of the leased equipment as at 30 June 2021 amounting to AED 0.926 million (31 December 2020: AED 1.17 million) and the depreciation charges for the period ended 30 June 2021 amounting to AED 0.249 million (30 June 2020: AED 0.465 million).

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

6 Investment properties

Investment properties comprises of warehouses on leasehold land situated in Fujairah and factory building of Dibba plant.

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited) (Restated)
At 1 January	**12,085,461**	3,693,000
Transfer from non-current assets held for sale	-	4,650,376
Reclassification of right-of-use assets (note 7 and 23)	-	3,653,461
(Loss)/gain on fair value of investment properties	**(110,413)**	88,624
	11,975,048	12,085,461

The fair value of Group's investment properties was determined internally by the management based on DCF method; fair value is estimated based on significant unobservable inputs. These inputs include: future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease; discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows, and terminal value taking into account assumptions regarding maintenance costs, and market rents. For disclosure purposes, these investment properties are being considered as Level 3.

The Group has earned rental income during the six-month period ended 30 June 2021 is AED 1.165 million (30 June 2020: AED 0.669 million). Expenses incurred on the lease during the six month period ended 30 June 2021 is AED 0.396 million (30 June 2020: AED 0.199 million).

7 Right-of-use of assets

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited) (Restated)
At 1 January	**2,481,732**	6,356,975
Additions during the period/year	**1,112,466**	1,702,023
Depreciation for the period/year	**(899,290)**	(1,901,650)
Termination of lease contracts during the period/year	-	(22,155)
Reclassification to investment properties (note 6 and 23)	-	(3,653,461)
	2,694,908	2,481,732

The Group has lease contracts for various items of land and motor vehicles used in its operations.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

8 Financial assets at fair value through other comprehensive income (FVTOCI)

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
At 1 January	**722,511**	1,538,818
Change in fair value	**118,590**	43,191
Disposal of investment	-	(859,498)
	841,101	722,511

These investments in equity securities are listed on Dubai Financial Markets stock exchanges are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Group have elected to designate these investments in equity instruments as at FVTOCI.

9 Inventories

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Raw materials	**1,508,582**	1,389,001
Finished goods	**704,482**	1,191,665
Spare parts	**3,756,006**	3,716,307
Others	**167,017**	189,354
	6,136,087	6,486,327
Less: provision for slow moving inventories	**(2,608,627)**	(2,298,403)
	3,527,460	4,187,924

Movement in provision for slow moving inventories are as follows:

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Opening balance	**2,298,403**	2,276,913
Charge for the period/year	**310,224**	21,490
	2,608,627	2,298,403

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

10 Trade and other receivables

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Trade receivables	**6,658,474**	7,004,454
Less : Allowance for expected credit losses	**(3,630,830)**	(3,546,552)
Trade receivables, net	**3,027,644**	3,457,902
Other receivables	**417,340**	469,308
Prepayments	**1,011,343**	799,340
Advances to suppliers	**69,388**	73,157
	4,525,715	4,799,707

Movement in allowance for expected credit loss are as follows:

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Opening balance	**3,546,552**	1,789,399
Charge for the period/year	**84,278**	1,757,153
	3,630,830	3,546,552

11 Related parties

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

Balances with related parties reflected in the condensed consolidated statement of financial position are as follows:

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Due from a related party		
Alpha Technologies Limited	**83,283**	127,542
Due to a related party		
Trojan General Contracting LLC	**909,651**	-

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

11 Related parties (continued)

Significant transactions with related parties are as follows:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 AED (unaudited)	2020 AED (unaudited)	**2021 AED (unaudited)**	2020 AED (unaudited)
Sales to a related party	**77,893**	280,548	**83,117**	292,998
Purchases of goods and services from a related party	-	(150,766)	-	(398,685)
Payment of expenses by a related party	-	(1,071)	-	(1,257)
Payment of expenses on behalf of a related party*	**3,371,753**	369,321	**3,702,525**	379,371
Rental income from a related party	**520,800**	602,700	**1,150,800**	602,700

*On 11 May 2021, the board of directors have unanimously agreed and approved to recharge the corporate expenses to Trojan General Contracting (related party) and recorded the amount of AED 2.88 million as other income.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

12 Cash and bank balances

For the purpose of the condensed consolidated statement of cash flows, cash and cash equivalents are comprised for the following:

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Cash on hand	**97,541**	45,513
Other cash equivalents	**62,543**	67,518
Cash at bank – current accounts	**168,655**	282,560
Short-term deposits	**15,329,495**	15,329,495
Cash and bank balances	**15,658,234**	15,725,086
Less: Fixed deposits with original maturity of more than three months	**(15,329,495)**	(15,329,495)
Bank overdrafts	**(9,280,379)**	(7,105,504)
Cash and cash equivalents in the statement of cash flows	**(8,951,640)**	(6,709,913)

Bank overdraft carry interest at prevailing market interest rate and are secured against fixed deposit with banks amounting to AED 15.33 million at 30 June 2021 (31 December 2020: AED 15.33 million).

13 Share capital

The share capital of the Parent Company consists of fully paid ordinary shares with a par value of AED 1 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Group.

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Issued and fully paid up		
30 million ordinary shares of AED 1 each	**30,000,000**	30,000,000

The shareholders in the general meeting held on 6 December 2020 approved to increase the Company's authorized capital to be AED 600,000,000.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

14 Provision for employees' end of service benefits

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
At 1 January	**2,019,752**	2,075,602
Charge for the period/year	**162,523**	316,194
Payments made during the period/year	**(270,790)**	(372,044)
	1,911,485	2,019,752

15 Lease liabilities

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Balance at the begining of the period/year	**7,312,364**	7,501,074
Additions during the period/year	**1,112,466**	1,702,023
Finance cost	**206,913**	388,511
Termination of lease contracts during the period/year	**(265,291)**	(22,155)
Payments during the period/year	**(1,423,842)**	(2,257,089)
	6,942,610	7,312,364
Presented as:		
Current	**1,191,271**	1,862,320
Non-current	**5,751,339**	5,450,044

16 Trade and other payables

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Trade payables	**6,037,968**	3,445,151
Accrued expenses and other payables	**1,900,898**	1,761,263
Advances from customers	**81,905**	3,884,890
Value added tax payable	**86,885**	111,950
	8,107,656	9,203,254

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

17 Basic and diluted earnings/(loss) per share

Basic loss per share amounts are calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period.

There are no dilutive securities, therefore diluted loss per share is the same as basic loss per share.

The following reflects the profit and share data used in the earnings per share computations:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021 (unaudited)	2020 (unaudited)	**2021 (unaudited)**	2020 (unaudited)
Profit/(loss) for the period (AED)	**96,513**	(2,719,052)	**(3,114,567)**	(3,399,128)
Weighted average number of shares in issue	**30,000,000**	30,000,000	**30,000,000**	30,000,000
Basic and diluted earnings/(loss) per share (AED)	**0.003**	(0.091)	**(0.104)**	(0.113)

18 Contingencies and commitments

	30 June 2021 AED (unaudited)	31 December 2020 AED (audited)
Letters of credit	**1,232,105**	1,023,804
Letter of guarantees	**55,000**	73,000
Capital commitments	**115,803**	242,875

19 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies of the Company since year end.

**Notes to the condensed consolidated financial information
for the six-month period ended 30 June 2021 (continued)**

19 Financial risk management (continued)

Liquidity risk

Compared to the consolidated financial statements for the year ended 31 December 2020, there were no material changes in the contractual undiscounted cash outflows of the financial liabilities.

Fair value estimation

Fair value of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Group include investment securities, trade and other receivables, cash and bank balances and amount due from a related party. Financial liabilities of the Group 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 Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
30 June 2021				
Financial assets at fair value through other comprehensive income (FVTOCI) (unaudited)	**841,101**	**-**	**-**	**841,101**
31 December 2020				
Financial assets at fair value through other comprehensive income (FVTOCI) (audited)	722,511	-	-	722,511

19 Financial risk management (continued)

Fair value measurement of non-financial assets

Fair value of investment properties as disclosed in Note 6 has been determined internally by the management based on DCF method; fair value is estimated based on significant unobservable inputs. These inputs include: future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease; discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows, and terminal value taking into account assumptions regarding maintenance costs, and market rents. For disclosure purposes, these investment properties are being considered as Level 3.

20 Impact of Covid-19 pandemic

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets.

Based on Group assessment, the overall revenue declined by 28.91% (2020: 51%) mainly due to closure of hotels, restaurants and cafeterias. Export sales also decreased by 14.8% (2020: 83%). Certain private label customers have also declined.

The Group's estimates of the expected credit losses allowance had considered the impact of this outbreak on the macroeconomic forecasts. The assumptions will be revised at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

The fair value of Investment properties was determined internally by the management based on DCF method; fair value is estimated based on significant unobservable inputs. These inputs include: future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease; discount rates reflecting current market assessments of the uncertainty in the amount and timing of cash flows, and terminal value taking into account assumptions regarding maintenance costs, and market rents. Based on these factors, management has concluded that no impairment is required. The assumptions will be revised at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

The Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios.

The impact of COVID-19 continues to evolve, hence there are uncertainties and likely significant risks that may impact the business in future. The effects of COVID-19 may not be fully reflected in the Group's financial results until future periods. The Group will continue to closely monitor the impact of COVID-19 as the situation progresses to manage the potential impact COVID-19 outbreak may have on its operations; forecasts on expected credit loss estimates; impairment of due from related parties, inventories, investment property and property, plant and equipment in 2021 or beyond.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

21 Seasonality of results

No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2021 and 2020.

22 Operating segment information

The Group operates in a single reporting segment of bottling, distribution and trading of mineral water, and evaporated milk. All the relevant information relating to this reporting / operating segment is disclosed in the condensed 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:

Information about geographical segments

During the period ended 30 June 2021, revenue from customers located in the Company's country of domicile (UAE) is AED 9.543 million (period ended 30 June 2020: AED 13.22 million) and revenue from customers outside UAE (foreign customers) is AED 0.24 million (period ended 30 June 2020: AED 0.54 million).

Major customers

During the period ended 30 June 2021 and 2020, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.

Notes to the condensed consolidated financial information for the six-month period ended 30 June 2021 (continued)

23 Reclassification of comparative figures

During the period ended 30 June 2021, management has reassessed the appropriateness of the presentation of the following:

- Long term prepayment which represents the unamortized portion of key money that was paid to the old tenant to get access to the use of the leased land; management concluded that this amount is a transaction cost associated with investment property and accordingly reclassified to the investment properties when the Group applied IFRS 16 in the year of 2019.
- Right-of-use related to the plant constructed on leased land and leased out to a related party in 9 April 2020 (note 6), management concluded that the right-of-use meets the definition of the investment property in IAS 40 and reclassified to investment properties in 2020.

The comparative figures for the following line items in the consolidated statement of financial position have been reclassified in the preceding period and the beginning of the preceding period to conform with the current period presentation.

	As previously reported AED	Reclassification AED	As reclassified AED
Consolidated statement of financial position as at 1 January 2020			
Long term prepayment	793,000	(793,000)	-
Investment properties	2,900,000	793,000	3,693,000
Consolidated statement of financial position as at 31 December 2020			
Investment properties	7,700,000	4,385,461	12,085,461
Right-of-use assets	6,135,193	(3,653,461)	2,481,732
Long term prepayments	732,000	(732,000)	-

The above reclassification had no material impact on net loss reported in the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income for the period ended 30 June 2020, opening equity as at 1 January 2020, and basic and diluted loss per share for the period ended 30 June 2020.