

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

**Review report and interim financial information
for the nine months period ended 30 September 2023**

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

Contents	<u>Pages</u>
Report on review of interim financial information	1
Condensed statement of financial position	2
Condensed statement of profit or loss (unaudited)	3
Condensed statement of comprehensive income (unaudited)	4
Condensed statement of changes in equity	5
Condensed statement of cash flows (unaudited)	6
Notes to the interim financial information	7 - 14

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed statement of financial position of **Dubai Refreshment (P.J.S.C.)** (the “Company”), as at 30 September 2023, and the related condensed statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended. Management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410: “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)




Firas Anabtawi
Registration No.: 5482
7 November 2023
Dubai
United Arab Emirates

**Condensed statement of financial position
as at 30 September 2023**

	Notes	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	534,390	573,138
Investment property		14,946	14,946
Right-of-use assets		87,968	91,299
Intangible assets		4,150	4,780
Investment in financial assets	5	110,215	112,255
Total non-current assets		751,669	796,418
Current assets			
Inventories		97,146	69,467
Trade and other receivables		261,264	190,020
Cash and cash equivalents	6	491,943	254,331
Total current assets		850,353	513,818
Total assets		1,602,022	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		79,132	81,172
Cash flow hedge reserve		748	252
Retained earnings		408,069	140,522
Total equity		1,241,350	975,347
Non-current liabilities			
Employees' end of service benefits		32,917	31,381
Lease liabilities- non-current portion		87,717	87,190
Total non-current liabilities		120,634	118,571
Current liabilities			
Trade and other payables	10	228,923	202,406
Lease liabilities - current portion		11,115	13,912
Total current liabilities		240,038	216,318
Total liabilities		360,672	334,889
Total equity and liabilities		1,602,022	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 nine months period ended 30 September 2023

	Notes	Nine months period ended 30 September		Three months period ended 30 September	
		2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Revenue	11	598,843	561,274	219,694	197,803
Cost of sales		(382,754)	(365,770)	(140,685)	(130,127)
Gross profit		216,089	195,504	79,009	67,676
Other operating income		6,191	5,720	1,812	1,817
Selling and distribution expenses		(83,617)	(78,291)	(30,067)	(27,385)
General and administrative expenses		(42,958)	(41,586)	(14,592)	(13,374)
Amortisation of intangible assets		(1,532)	(2,792)	(250)	(933)
Operating income		94,173	78,555	35,912	27,801
Finance income		7,372	1,079	4,503	596
Finance cost		(61)	(53)	(26)	(17)
Lease interest cost		(2,705)	(2,690)	(895)	(870)
Dividend income		4,047	4,048	-	-
Gain on sale of fixed assets	4	220,253	-	197	-
Other income, net		7,468	1,951	3,998	843
Profit for the period		330,547	82,890	43,689	28,353
Earnings per share in AED	8	3.67	0.92	0.49	0.32

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

Condensed statement of comprehensive income (unaudited)
for the nine months period ended 30 September 2023

	Nine months period ended 30 September		Three months period ended 30 September	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	330,547	82,890	43,689	28,353
Other comprehensive income/(loss)				
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Change in fair value of investment securities measured at FVOCI, equity instruments	(2,040)	(16,958)	4,406	(16,958)
Change in fair value of cash flow hedges	496	(1,508)	1,280	(989)
Total other comprehensive income/(loss)	(1,544)	(18,466)	5,686	(17,947)
Total comprehensive income for the period	329,003	64,424	49,375	10,406

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

**Condensed statement of changes in equity
for the nine months period ended 30 September 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	-	-	-	-	-	82,890	82,890
Other comprehensive loss	-	-	-	(16,958)	(1,508)	-	(18,466)
Total comprehensive income/(loss) for the period	-	-	-	(16,958)	(1,508)	82,890	64,424
Dividend declared (Note 7)	-	-	-	-	-	(63,000)	(63,000)
At 30 September 2022 (unaudited)	90,000	45,000	618,401	70,655	(1,687)	121,963	944,332
At 1 January 2023 (audited)	90,000	45,000	618,401	81,172	252	140,522	975,347
Profit for the period	-	-	-	-	-	330,547	330,547
Other comprehensive income/(loss)	-	-	-	(2,040)	496	-	(1,544)
Total comprehensive income/(loss) for the period	-	-	-	(2,040)	496	330,547	329,003
Dividend declared (Note 7)	-	-	-	-	-	(63,000)	(63,000)
At 30 September 2023 (unaudited)	90,000	45,000	618,401	79,132	748	408,069	1,241,350

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

**Condensed statement of cash flows (unaudited)
for the nine months period ended 30 September 2023**

		Nine months period ended 30 September	
	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Profit for the period		330,547	82,890
Adjustments for:			
Depreciation on property, plant and equipment	4	29,500	29,124
Amortisation of intangible assets		1,532	2,792
Depreciation on right-of-use assets		11,037	10,033
Finance costs, net		(7,311)	(1,026)
Gain on sale of assets	4	(220,253)	(301)
Lease interest costs		2,611	2,690
Dividend income		(4,047)	(4,048)
Provision for employees' end of service benefits		2,662	3,902
Operating cash flows before changes in operating assets and liabilities		146,278	126,056
Increase in inventories		(27,679)	(7,623)
(Increase)/decrease in trade and other receivables		(71,244)	8,005
Increase in trade and other payables		31,213	37,469
Cash generated from operations		78,568	163,907
Employees' end of service benefits paid		(1,126)	(1,068)
Net cash generated from operating activities		77,442	162,839
Cash flows from investing activities			
Purchase of intangible assets		(35)	(25)
Purchase of property, plant and equipment	4	(19,220)	(34,775)
Proceeds from disposal of property, plant and equipment	4	247,854	412
Dividend income, net		4,047	4,048
Finance income, net		7,372	1,079
Net cash generated from (used in) investing activities		240,018	(29,261)
Cash flows from financing activities			
Director fees paid		(4,200)	(4,200)
Dividends paid	7	(63,000)	(63,000)
Finance expense, paid		(61)	(53)
Lease payments		(12,587)	(11,803)
Net cash used in financing activities		(79,848)	(79,056)
Net increase in cash and cash equivalents		237,612	54,522
Cash and cash equivalents at beginning of the period		254,331	155,816
Cash and cash equivalents at 30 September		491,943	210,338

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

**Notes to the interim financial information
for the nine months period ended 30 September 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”).

2. Basis of preparation and accounting policies**2.1 Basis of preparation**

The interim financial information for the nine months period ended 30 September 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 nine months period ended 30 September 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 nine months period ended 30 September 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.

<i>New and revised IFRS</i>	<i>Effective for annual periods beginning on or after</i>
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 UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective 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.

As the Company's accounting year ends on 31 December, accordingly the effective implementation date for the Company will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The Company is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

**Notes to the interim financial information
for the nine months period ended 30 September 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 30 September 2023, revenue from customers located in the Company's country of domicile (UAE) is AED 533,306 thousand (period ended 30 September 2022: AED 497,057 thousand) and revenue from customers outside UAE (foreign customers) is AED 65,537 thousand (period ended 30 September 2022: AED 64,218 thousand).

b) Major customers

During the period ended 30 September 2023 and 30 September 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 30 September 2023, the additions to property, plant and equipment amounted to AED 19,220 thousand (period ended 30 September 2022: AED 34,775 thousand).

Depreciation for the period ended 30 September 2023 amounting to AED 29,500 thousand (period ended 30 September 2022: AED 29,124 thousand).

During the period ended 30 September 2023, the Company has transferred assets of AED 867 thousand (period ended 30 September 2022: AED 1,026 thousand), from capital work in progress to buildings, plant and machinery, coolers and vending machine and freezers category in property, plant and equipment.

During the period ended 30 September 2023, the Company disposed of assets with a net carrying value of AED 27,601 thousand (period ended 30 September 2022: AED 111 thousand), resulting in a net gain of AED 220,253 thousand (gain - period ended 30 September 2022: AED 301 thousand). The sale of a property located in Al Quoz First, Dubai, was approved by the shareholders during the Annual General Meeting held on 14th June 2023. The property had a carrying value of AED 26.8 million at the time of the transaction and was completed at a price of AED 252 million.

5. Investment in financial assets

	30 September 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	(2,040)	(6,441)
Balance at the end of the period/year	110,215	112,255

**Notes to the interim financial information
for the nine months period ended 30 September 2023 (continued)**

6. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash at bank and on hand	67,471	67,673
Short-term deposits with original maturity of less than three months	424,472	186,658
	491,943	254,331

7. Dividends

During the Annual General Meeting held on 16th March 2023, the shareholders approved a cash dividend of AED 0.70 per share totaling to AED 63 million relating to 2022 (period ended 30 September 2022: AED 0.70 per share totaling to AED 63 million relating to 2021).

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:

	Nine months period ended 30 September 2023 AED'000 (Unaudited)		Three months period ended 30 September 2023 AED'000 (Unaudited)	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period (AED'000)	330,547	82,890	43,689	28,353
Weighted average number of ordinary shares ('000)	90,000	90,000	90,000	90,000
Earnings per ordinary share - Basic and diluted (AED)	3.67	0.92	0.49	0.32

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 nine months period ended 30 September 2023 (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 statement of profit or loss are as follows:

	Nine months period ended 30 September		Three months period ended 30 September	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales to a related party	4,143	1,579	1,759	688
Purchases from a related party	4,648	3,991	2,205	1,955

Compensation of key management personnel

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

	Nine months period ended 30 September		Three months period ended 30 September	
	2023	2022	2023	2022
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	9,364	8,775	3,072	2,895
Employees' end of service benefits	625	792	140	135
Director's sitting fee	200	90	60	20
	10,189	9,657	3,272	3,050

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

	30 September 2023	31 December 2022
	AED'000	AED'000
	(Unaudited)	(Audited)
<i>Due from a related party</i>		
<i>Other related party (included in trade and other receivables)</i>		
Oman Refreshments Company Limited	884	980
<i>Due to a related party</i>		
<i>Other related party (included in trade and other payables)</i>		
Oman Refreshments Company Limited	1,397	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.

**Notes to the interim financial information
for the nine months period ended 30 September 2023 (continued)**

10. Trade and other payables

	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Trade payable	84,716	61,352
Accrued expenses	44,256	40,752
Accrual for staff costs	9,860	12,236
Contract liabilities	32,281	29,175
Advances from customers	3,731	8,335
Deferred income	11,859	10,074
Due to a related party (Note 9)	1,397	1,066
Other payables	40,823	39,416
	228,923	202,406

11. Revenue

	Nine months period ended 30 September		Three months period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
<i>Local sales</i>				
Long term contracts	387,814	376,575	127,526	158,021
Transaction based contracts	145,492	120,481	71,071	18,965
	533,306	497,056	198,597	176,986
<i>Export sales</i>				
Long term contracts	19,852	40,725	6,207	11,126
Transaction based contracts	45,685	23,493	14,890	9,691
	65,537	64,218	21,097	20,817
Total revenue	598,843	561,274	219,694	197,803

12. Profit for the period

The profit for the period is stated after charging:

	Nine months period ended 30 September		Three months period ended 30 September	
	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)	2023 AED'000 (Unaudited)	2022 AED'000 (Unaudited)
Staff cost	77,126	72,619	27,142	24,097
Depreciation expense	40,537	39,157	13,521	13,145

**Notes to the interim financial information
for the nine months period ended 30 September 2023 (continued)**

13. Contingencies and capital commitments

	30 September 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Bank guarantees	<u>2,772</u>	<u>10,431</u>

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.

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
30 September 2023 (unaudited)				
Investment in financial assets				
Quoted equity investments - FVTOCI (Note 5)	<u>110,215</u>	<u>110,215</u>	<u>-</u>	<u>-</u>
Positive fair value of derivatives - held as cash flow hedge	<u>748</u>	<u>-</u>	<u>748</u>	<u>-</u>
31 December 2022 (audited)				
Investment in financial assets				
Quoted equity investments - FVTOCI (Note 5)	<u>112,255</u>	<u>112,255</u>	<u>-</u>	<u>-</u>
Positive fair value of derivatives - held as cash flow hedge	<u>252</u>	<u>-</u>	<u>252</u>	<u>-</u>

**Notes to the interim financial information
for the nine months period ended 30 September 2023 (continued)**

15. Seasonality of results

No income of seasonal nature was recorded in the condensed financial statements for the nine months period ended 30 September 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 7 November 2023.