DUBAI REFRESHMENTS (PSC)
DUBAI - UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2009

Dubai Refreshments (PSC)
Dubai - United Arab Emirates

Financial Statements and
Independent Auditor's Report
For the Year ended December 31, 2009

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CHAIRMAN'S REPORT

Dear Shareholders,

I have great pleasure sharing with you the highlights of another year of great achievements for Dubai Refreshments (PSC) [DRC].

First of all let me congratulate you on the successful completion of 50 years of DRC. It was a long journey and we are headed towards a more promising future built on a strong business foundation.

Financial Summary

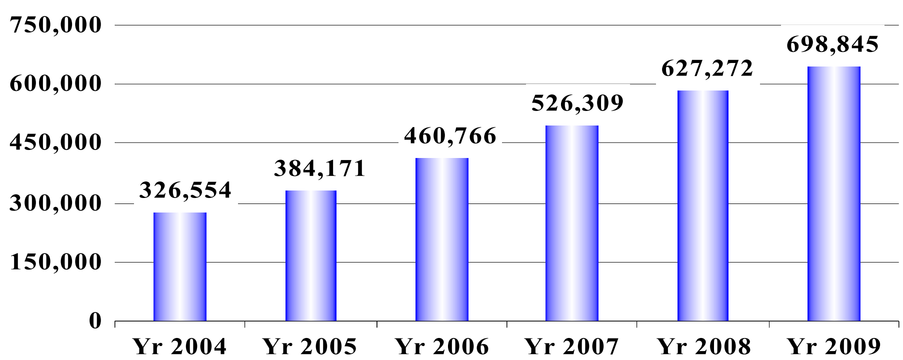
The start of the Year 2009 was very difficult as the global economic downturn had also impacted the U.A.E. economy. The outlook for the year was not positive in terms of sales and profitability. Sales forecast was lower than the year 2008 while cost of raw and packaging materials increased substantially. Forecasted profit for 2009 was also negative.

Facing such a bleak outlook, DRC management embarked on a restructuring programme that focused on cost cutting and revenue enhancement. This programme was successful in turning around the profit picture of DRC and putting the Company on the right path going forward.

Sales Revenue Growth

Sales revenue grew in 2009 by 11% against a volume growth of 5%. This was ahead of plan by 6%. The increase in export sales coupled with the improvement in revenue per case and reduction in discounts were the main drivers behind this increase.

Revenue Growth Achievement



(AED '000)

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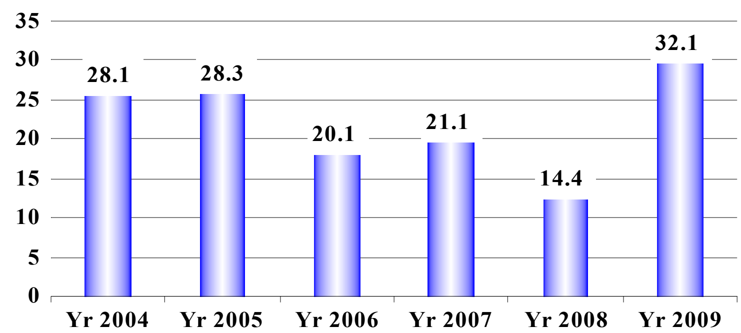
Profitability

DRC achieved operating profit of AED 30.47 million Vs AED 8.92 million in 2008, a 241% improvement. Total net profit reached 32.1 million Vs. AED 14.4 million in 2008, a 123% improvement. This is the highest ever operating and net profit achieved by the Company in 50 years of its history.

PROFITABILITY

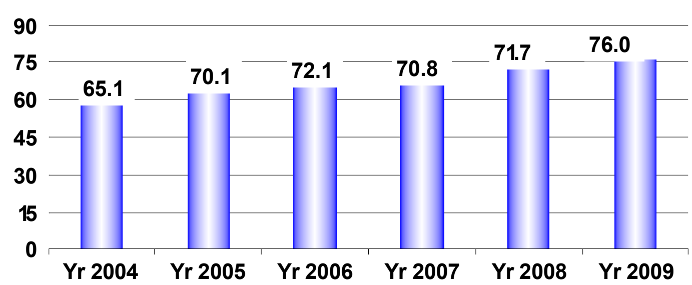


(AED Million)

Market Share

DRC products gained more than four full share points in 2009 and we ended the year with 76.0% Vs 71.7 % in the Year 2008. This is a significant achievement given the tough competition that exists in the soft drink category.

MARKET SHARE GAINS (% to Total)



(AED Million)

Although year 2009 was not showing a very promising outlook, DRC was able to achieve substantial improvements in overall revenues, profit, market share and cash flow. Some of the major accomplishments include:

Sale of Aquafina plant:
DRC sold Aquafina manufacturing plant at Dibba to our affiliated company Jeema Mineral Water Company and entered into a long term co packing agreement with them. This sale has helped both the companies to improve profitability by leveraging economies of scale.

Outsourcing of Fleet:
DRC outsourced its whole fleet of trucks, cars, vans, trailers, forklifts and buses to specialized fleet operators including Al Wathba , Oman Transport, Budget and Kanrent. The

benefits of outsourcing included substantial improvements in customer service and productivity with corresponding increase in delivered cases and market share.

Exports:
With local sales under pressure DRC management focused on export business development as a way to improve revenue and profit. In 2009 DRC managed to more than double its export sales from 3 million cases in the year 2008 to 7 million cases in 2009. This is a record achievement for DRC, which provided a great impetus in growing revenues by 11% in 2009.

Capital Projects

In order to sustain DRC's growth into the future, DRC will have to move to a much bigger manufacturing facility soon. In 2009, DRC board and management have taken the initial steps to move to a new state of the art manufacturing facility by the year 2012. These steps include:

- Securing a long term lease for land at Techno Park having an area of 1 million sq. ft.;
- Appointing PMG as project manager;
- Issuing tender to several local and lead architects for proposal to design the new plant; and
- In addition to the steps taken for a new plant, DRC had placed an order in 2009 for a new plastic bottles (PET) production line, which will triple our production capacity for this growing and profitable package. This new line is expected to be in operation by the end of first quarter of 2010. This production line was purchased with the vision of moving to the new plant once completed.

At the end, I would like to express our gratitude and appreciation to His Highness Sheikh Mohammed Bin Rashid Al Maktoum Vice President, Prime Minister of U.A.E and Ruler of Dubai and His Highness Sheikh Hamdan bin Rashid Al Maktoum, U.A.E. Minister of Finance & Industry for providing us with a business environment and an infrastructure where we can grow and contribute to the U.A.E. economy and for providing us with their continuous support whenever it is needed.

In addition, I would like to thank all the people who supported and showed their commitment and dedication to help achieve our objectives. Our employees, shareholders, customers, suppliers and our business partners are all equally important to us in our efforts to seek a better future for all.

Thank you,

Chairman of the Board
Ahmad Al Shafar

Ref.: 99D88FS09-Dec

Independent Auditor's Report

The Shareholders
Dubai Refreshments (PSC)
Dubai
United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **Dubai Refreshments (PSC)** (the "Company")**, Dubai, United Arab Emirates**, which comprise the statement of financial position as at December 31, 2009, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements as of December 31, 2008, were audited by another auditor whose report dated March 12, 2009, expressed an unqualified opinion on those statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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<u>**Independent Auditor's report to the Shareholders of Dubai Refreshments (PSC), Dubai**</u> - continued (page 2 of 2)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Dubai Refreshments (PSC), Dubai** as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the Company has maintained proper books of account and the physical inventory was properly conducted. We obtained all the information and explanations which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the U.A.E. Federal Commercial Companies Law No. 8 of 1984, as amended, or of the Company's Articles of Association which might have materially affected the financial position of the Company or the results of its operations for the year.

Deloitte & Touche

Dubai
February 4, 2010

Anis F. Sadek
(Registration No. 521)

Statement of Financial Position
As of December 31, 2009
(In Thousand Arab Emirates Dirhams)

	Note	2009	2008
ASSETS			
Current assets			
Cash and cash equivalents	5	**80,624**	7,026
Fixed deposit under lien	13(c)	**10,205**	-
Inventories	6	**38,953**	40,955
Trade and other receivables	7	**62,166**	67,067
Due from related parties	8	**10,247**	-
Financial assets at fair value through profit or loss	9	-	237
Total current assets		**202,195**	115,285
Non-current assets			
Property, plant and equipment	10	**107,813**	118,014
Intangible assets	11	**41,334**	44,451
Due from related parties	8	**6,500**	-
Available-for-sale financial assets	12	**56,955**	53,437
Total non-current assets		**212,602**	215,902
Assets of disposal group classified as held-for-sale	13	-	27,477
Total Assets		**414,797**	358,664
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank borrowings	14	**8,999**	-
Trade and other payables	15	**91,670**	73,096
Due to related parties	8	**4,628**	1,532
Total current liabilities		**105,297**	74,628
Non-current liabilities			
Provision for employees' end of service indemnity	16	**10,174**	10,338
Total Liabilities		**115,471**	84,966
Capital and reserves			
Share capital	17	**60,000**	60,000
Statutory reserve	18	**24,682**	21,471
General reserve	19	**7,062**	7,062
Dividend equalization reserve	20	**31,962**	31,962
Plant replacement reserve	21	**45,200**	45,200
Fair value reserve	22	**45,085**	41,567
Retained earnings		**85,335**	66,436
Total Shareholders' Equity		**299,326**	273,698
Total Liabilities and Shareholders' Equity		**414,797**	358,664

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 6 to 45 were approved by the Board of Directors, on February 4, 2010 and signed on their behalf by:

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Dubai Refreshments (PSC)
Dubai -United Arab Emirates

Income Statement
For the year ended December 31, 2009
(In Thousand Arab Emirates Dirhams)

	Note	2009	2008
Sales		**698,847**	627,272
Cost of sales		**(530,770)**	(475,202)
Gross profit		**168,077**	152,070
Other operating income	25	**2,936**	1,885
		171,013	153,955
Expenses			
Selling and distribution expenses	26	**(98,889)**	(104,602)
General and administrative expenses	27	**(38,530)**	(35,549)
Amortization of intangible assets	11	**(3,117)**	(4,881)
Operating profit		**30,477**	8,923
Dividend income		**2,066**	1,955
Other income	28	**1,227**	64
Gain on disposal of available-for-sale financial assets		**134**	5,046
Interest expense		**(1,794)**	(1,590)
Profit for the year		**32,110**	14,398
Earning per share - AED (basic and diluted)	29	**0.54**	0.24

The accompanying notes form an integral part of these financial statements.

Dubai Refreshments (PSC)
Dubai -United Arab Emirates

Statement of Comprehensive Income
For the year ended December 31, 2009
(In Thousand Arab Emirates Dirhams)

	2009	2008
Profit for the year	**32,110**	14,398
Other comprehensive income		
Available for sale financial assets:		
Gains/(losses) arising during the year	**3,612**	(22,243)
Less: Reclassification adjustments for gains included in income statement on sale of available for sale assets	**(94)**	(5,046)
Other comprehensive income/(loss) for the year	**3,518**	(27,289)
Total comprehensive income/(loss) for the year	**35,628**	(12,891)

The accompanying notes form an integral part of these financial statements.

Dubai Refreshments (PSC)
Dubai -United Arab Emirates

Statement of Changes in Equity
For the year ended December 31, 2009
(In Thousand Arab Emirates Dirhams)

	Share capital	Statutory reserve	General reserve	Dividend equalization reserve	Plant replacement reserve	Fair value reserve	Retained earnings	Total
Balance as of January 1, 2008	50,000	20,031	7,062	31,962	45,200	68,856	64,228	287,339
Issue of bonus shares	10,000	-	-	-	-	-	(10,000)	-
Directors' fees							(750)	(750)
Transfer	-	1,440	-	-	-	-	(1,440)	-
Profit for the year	-	-	-	-	-	-	14,398	14,398
Other comprehensive income for the year	-	-	-	-	-	(27,289)	-	(27,289)
Total comprehensive income for the year	-	-	-	-	-	(27,289)	14,398	(12,891)
Balance as of December 31, 2008	**60,000**	**21,471**	**7,062**	**31,962**	**45,200**	**41,567**	**66,436**	**273,698**
Balance as of January 1, 2009	60,000	21,471	7,062	31,962	45,200	41,567	66,436	273,698
Dividend paid during the year	-	-	-	-	-	-	(9,000)	(9,000)
Transfer	-	3,211	-	-	-	-	(3,211)	-
Directors' fees							(1,000)	(1,000)
Profit for the year	-	-	-	-	-	-	32,110	32,110
Other comprehensive income for the year	-	-	-	-	-	3,518	-	3,518
Total comprehensive income for the year	-	-	-	-	-	3,518	32,110	35,628
Balance as of December 31, 2009	**60,000**	**24,682**	**7,062**	**31,962**	**45,200**	**45,085**	**85,335**	**299,326**

The accompanying notes form an integral part of these financial statements.

Dubai Refreshments (PSC)
Dubai -United Arab Emirates

Statement of Cash Flows
For the year ended December 31, 2009
(In Thousand Arab Emirates Dirhams)

	2009	2008
Cash flow from operating activities		
Net profit for the year	**32,110**	14,398
Adjustments for:		
Depreciation on property, plant and equipment	**23,958**	25,090
Amortisation of intangible assets	**3,117**	4,881
Loss on disposal of property, plant and equipment	**1,000**	(474)
Gain on disposal of disposal group assets	**(466)**	-
Provision for employees' end of service indemnity	**2,117**	3,367
Allowance for slow moving inventory	**818**	-
Allowance for doubtful receivables net of reversals	**1,500**	2,552
Transfer from deferred revenue	**-**	(1,109)
Fair value (gain)/loss on financial assets at fair value through profit or loss	**(161)**	727
Gain on disposal of available for sale financial assets	**(134)**	(5,046)
Dividend income	**(2,066)**	(1,955)
Directors' fees	**114**	124
Interest income	**(1,363)**	-
Interest expense	**1,794**	1,590
Operating cash flows before changes in operating assets and liabilities	**62,338**	44,145
Decrease/(increase) in inventories	**924**	(4,632)
Decrease in trade and other receivables	**4,246**	38,037
Increase in due from related parties	**(247)**	-
Increase in trade and other payables	**18,288**	25,604
Increase in due to related parties	**2,920**	(1,479)
Cash generated from operations	**88,469**	101,675
Employees' end of service indemnity paid	**(2,106)**	(989)
Net cash generated from operating activities	**86,363**	100,686
Cash flow from investing activities		
Increase in fixed deposit under lien	**(10,205)**	-
Purchase of property, plant and equipment	**(21,343)**	(32,768)
Purchase of available for sale financial assets	**-**	(369)
Proceeds from sale of financial assets at fair value through profit or loss	**398**	7,999
Proceeds from disposal of available for sale financial assets	**134**	6,160
Proceeds from disposal of property, plant and equipment	**7,443**	3,417
Proceeds from sale of disposal group assets	**10,000**	-
Dividend received	**2,066**	1,955
Net cash used in investing activities	**(11,507)**	(13,606)
Cash flow from financing activities		
Proceeds from bank borrowings	**-**	(20,711)
Interest paid	**(1,794)**	(1,590)
Interest received	**1,363**	-
Dividend paid	**(9,000)**	-
Payment of Directors' fees	**(826)**	(1,024)
Net cash used in financing activities	**(10,257)**	(23,325)
Net increase in cash and cash equivalents	**64,599**	63,755
Cash and cash equivalents, at the beginning of the year	**7,026**	(56,729)
Cash and cash equivalents, at the end of the year (Note 24)	**71,625**	7,026

The accompanying notes form an integral part of these financial statements.

1. Establishment and operations

Dubai Refreshments (PSC) (the "Company"), was incorporated in Dubai in 1959 by a decree of His Highness, The Ruler of Dubai. The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates (U.A.E.).

The Company is engaged in bottling and selling of Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of the U.A.E. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorization from Pepsi Cola International. The Company holds the 7Up and Aquafina bottling and selling rights for the whole of the U.A.E.

The Company is listed on the Dubai Financial Market (DFM).

2. Adoption of new and revised International Financial reporting Standards (IFRSs)

2.1 Standards affecting presentation and disclosure

The following new and revised Standards have been adopted in the current year in these financial statements and have affected the presentation and disclosures in these financial statements. Details of other Standards and Interpretations adopted but that have had no effect on these financial statements are set out in section 2.2.

- IAS 1 (as revised in 2007) *Presentation of Financial Statements* — IAS 1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.
- *Amendments to IFRS 7 Financial Instruments: Disclosures, Improving disclosures about Financial Instruments* — The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

2. Adoption of new and revised International Financial reporting Standards (IFRSs) (continued)

2.2 Standards and Interpretations adopted with no effect on the financial statements - continued

• Amendments to IFRS 2 *Share-Based Payment - Vesting Conditions and Cancellations*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of "non-vesting" conditions, and clarify the accounting treatment for cancellations.
• IFRS 8 *Operating Segments*	IRFS 8 is a disclosure Standard that requires re-designation of the Group's reportable segments based on the segments used by the Chief Operating Decision Maker to allocate resources and assess performance.
• IAS 23 (as revised in 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred.
• Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
• IFRIC 13 *Customer Loyalty Programmes*	The Interpretation provides guidance on how entities should account for customer loyalty programmes by allocating revenue on sale to possible future award attached to the sale.
• IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations.
• Improvements to IFRSs (2008)	Amendments to IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41 resulting from May and October 2008 *Annual Improvements to IFRSs* effective for annual periods beginning on or after January 1, 2009.

2. Adoption of new and revised International Financial reporting Standards (IFRSs) (continued)

2.3 Standards and Interpretations in issue not yet effective and not early adopted

At the date of authorisation of these financial statements, the following new and revised Standards and Interpretations were in issue but not effective and not early adopted:

New Standards and amendments to Standards	Effective for annual periods beginning on or after
• IFRS 1 (revised) *First Time Adoption of IFRS* and IAS 27 (revised) *Consolidated and Separate Financial Statements* – Amendment relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 1, 2009
• IFRS 1 (revised) *First Time Adoption of IFRS* – Amendment on additional exemptions for First-time Adopters	January 1, 2010
• IFRS 2 (revised) *Share-Based Payment* – Amendment relating to Group cash-settled Share-based payments	January 1, 2010
• IFRS 3 (revised) *Business Combinations* – Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 (revised) *Consolidated and Separate Financial Statements*, IAS 28 (revised) *Investments in Associates* and IAS 31 (revised) *Interests in Joint Ventures*	July 1, 2009
• IFRS 9 *Financial Instruments: Classification and Measurement* (intended as complete replacement for IAS 39 and IFRS 7)	January 1, 2013
• IAS 24 *Related Party Disclosures – Amendment on disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a Government*	January 1, 2011
• IAS 32 (revised) *Financial Instruments: Presentation – Amendments relating to classification of Rights Issue*	February 1, 2010
• IAS 39 (revised) *Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items* (such as hedging Inflation risk and Hedging with options)	July 1, 2009
• Improvements to IFRSs (2009): Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 and IAS 39 resulting from April 2009 Annual Improvements to IFRSs.	Majority effective for annual periods beginning on or after January 1, 2010

2. Adoption of new and revised International Financial reporting Standards (IFRSs) (continued)

2.3 Standards and Interpretations in issue not yet effective and not early adopted - continued

New Interpretations and amendments to Interpretations	Effective for annual periods <u>beginning on or after</u>
• IFRIC 17: *Distributions of Non-cash Assets to Owners*	July 1, 2009
• IFRIC 18: *Transfers of Assets from Customers*	July 1, 2009
• IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*	July 1, 2010
• Amendment to IFRIC 14: *IAS 19: The limit on a defined Benefit Asset, Minimum Funding Requirement and their interaction*	January 1, 2011
• Amendment to IFRIC 9 (revised): *Reassessment of Embedded Derivatives* relating to assessment of embedded derivatives in case of reclassification of a financial asset out of the 'FVTPL' category	July 1, 2009
• Amendment to IFRIC 16: *Hedges of a Net Investment in a Foreign Operation*	July 1, 2009

Management anticipates that these amendments will be adopted in the Company's financial statements for the period beginning January 1, 2010 or as and when they are applicable. Management has not yet had an opportunity to consider the potential impact of the adoption of these amendments and revised standards.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets at fair value through profit or loss.

3. Significant accounting policies (continued)

Business combinations

The purchase method of accounting is used to account for acquisitions made by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Years
Buildings	3 - 20
Plant, machinery and equipment	2 – 15
Motor vehicles	3 - 5
Coolers	5
Furniture and fixtures	2

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3. Significant accounting policies (continued)

Property, plant and equipment - continued

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Company policy.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in other income.

Intangible assets

Franchise and bottling rights

Expenditure to acquire franchise and bottling rights is capitalised and amortised using the straight line method over their estimated useful life of 20 years.

Computer software

Costs directly associated with identifiable and unique software products controlled by the Company and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software licence fees and third party cost for software development.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of 3 years.

Costs associated with maintaining computer software programmes are recognised as expenses when incurred.

Lease rights

Acquired lease rights are shown at historical cost. Lease rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of lease rights over their estimated useful lives (10 years).

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill on acquisition is included in ‘intangible assets’. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3. Significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

3. Significant accounting policies (continued)

Financial assets - continued

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise. The fair values of quoted investments are based on current bid prices. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

3. Significant accounting policies (continued)

Recognition and measurement - continued

The fair values of quoted investments are based on current bid prices. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in Note 2.10.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined using the weighted average method. The cost of work in progress and finished goods comprises direct material, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Selling and distribution expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Selling and distribution expenses' in the income statement.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Pension contribution for U.A.E. Nationals

Pension contributions are made in respect of U.A.E. nationals to the U.A.E. General Pension and Social Security Authority in accordance with the U.A.E. Federal Law No (7), 1999 for Pension and Social Security.

Deferred revenue

Contributions received from Pepsi Cola International towards the cost of certain property, plant and equipment are included in deferred revenue and are credited to the income statement on a straight-line basis over the expected useful lives of the related assets.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Revenue recognition

Revenue comprises the fair value of the consideration received on receivable for the sale of goods and services in the ordinary course of Company’s activities.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company’s activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

3. Significant accounting policies (continued)

Revenue recognition - continued

Sale of goods

Sales comprise the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Sales are shown net of returns, rebates and discounts. Sales are recognised when the goods are delivered to the customer.

Interest income

Interest income is recognised on a time proportion basis using effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank deposits with an original maturity of three months or less, net of bank overdrafts. For the purpose of disclosure in the balance sheet, bank overdraft is included under current liabilities.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Critical judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 3, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations, which are dealt with below).

Revenue recognition

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 *Revenue* and in particular whether the Company had transferred the risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold, the management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

Inventory valuation

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4. Critical accounting judgments and key sources of estimation uncertainty
(continued)

Key sources of estimation uncertainty - continued

Impairment of property, plant and equipment and intangible assets (excluding goodwill)

Management assesses the impairment of property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that are considered important which could trigger an impairment review include the following:

- Significant decline in an asset's market value beyond that would be expected from the passage of time or normal use.
- Significant changes in the use of its assets or the strategy of the operation to which the asset belongs.
- Significant changes in the technology and regulatory environments.
- Evidence from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

If such an indication exists, an impairment test is completed by comparing the carrying values of the cash generating unit with their recoverable amounts.

Impairment charge to trade and other receivables

The impairment charge reflects estimates of losses arising from the failure or inability of the parties concerned to make the required payments. The charge is based on the ageing of the customers' accounts, customer defaults, the customers' credit worthiness and the historical write off experience. Changes to the estimated impairment charge may be required if the financial condition of the customers was to improve or deteriorate in the future period.

5. Cash and cash equivalents

	December 31,	
	2009	2008
	AED'000	AED'000
Cash on hand	**632**	320
Bank balances:		
Current accounts	**137**	6,706
Short-term deposits	**79,855**	-
	80,624	7,026

Short-term deposits represent fixed deposits placed with banks for maturity up to three months from the date of placement and earn interest ranging from 1.6% to 3.5% per annum (2008: Nil).

6. Inventories

	December 31, 2009 AED'000	December 31, 2008 AED'000
Raw materials and consumables	**18,033**	22,146
Finished goods and goods for re-sale	**14,376**	15,518
Spare parts and supplies	**4,296**	4,600
	36,705	42,264
Less: Allowance for slow moving inventories	**(1,418)**	(600)
	35,287	41,664
Goods in transit	**3,666**	85
	38,953	41,749
Less: Transfer to disposal group held for sale (Note 13)	**-**	(794)
	38,953	40,955

7. Trade and other receivables

	December 31, 2009 AED'000	December 31, 2008 AED'000
Trade receivables	**53,101**	56,032
Less: Allowance for doubtful debts	**(3,026)**	(5,964)
Trade receivables - net	**50,075**	50,068
Other receivables	**9,082**	14,313
Prepaid expenses	**3,009**	2,686
	62,166	67,067

The Company's customers are based mainly in the United Arab Emirates. The carrying amounts of the Company's trade and other receivables are denominated entirely in United Arab Emirates Dirhams.

Trade receivables that are less than six months past due are not considered impaired. As of December 31, 2009, trade receivables of AED 6,074,000 (2008: AED 6,980,000) were past due but not impaired. These relate to a number of unrelated customers.

7. Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	December 31,	
	2009	2008
	AED'000	AED'000
Up to 3 months past due	**5,472**	5,419
3 to 6 months past due	**602**	1,561
	6,074	6,980

As of December 31, 2009, trade receivables of AED 3,026,000 (2008: AED 5,964,090) were impaired and fully provided. The ageing of these receivables is as follows:

	December 31,	
	2009	2008
	AED'000	AED'000
6 to 12 months past due	**378**	658
Over 12 months past due	**2,648**	5,306
	3,026	5,964

Movements in the Company's allowance for doubtful debts are as follows:

	December 31,	
	2009	2008
	AED'000	AED'000
At January 1,	**5,964**	6,907
Allowance for receivables impairment	**1,500**	2,552
Write offs	**(4,438)**	(3,495)
At December 31,	**3,026**	5,964

The provision and reversal of allowance for doubtful debts have been included in 'Selling and distribution expenses' in the income statement. Amounts charged to allowance account are generally written off when there is no expectation of recovering additional cash.

The "other receivables" within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collateral as security.

8. Related party transactions and balances

Related parties comprise shareholders, directors and any businesses that are controlled, directly or indirectly, by the shareholders of the Company (hereinafter referred to as "affiliates").

During the year, the Company entered into the following transactions with related parties in the ordinary course of business. These transactions, except for director's fees, were carried out at mutually agreed prices and terms.

	Year ended December 31,	
	2009	2008
	AED'000	AED'000
Directors' remuneration		
Directors' fees	**1,000**	750
Directors' sitting fees	**114**	124
	1,114	874
Key management remuneration		
Salaries and short term benefits	**5,400**	5,540
Pension and end of service benefit	**200**	470
	5,600	6,010
Sales to affiliate		
Oman Refreshments Company Limited	**5,524**	2,263

	December 31,	
	2009	2008
	AED'000	AED'000
Purchases from affiliates		
Al Tajir Glass Industry	**8,401**	274
National Refreshments Company (LLC)	**531**	1,239
Al Yousuf Motors	**-**	431
Jeema Mineral Water (P.S.C.)	**5,983**	-
Genavco	**-**	924
Oman Refreshments Company Limited	**872**	2,949
	15,787	5,817

8. Related party transactions and balances (continued)

	December 31, 2009 AED'000	December 31, 2008 AED'000
Due from related parties		
- Current		
Oman Refreshments Company Limited	**247**	-
Jeema Mineral Water (P.S.C.)	**10,000**	-
	10,247	-
- Non Current		
Jeema Mineral Water (P.S.C.)	**6,500**	-
	16,747	-
Due to related parties in respect of purchases		
Al Tajir Glass Industry	**36**	-
National Refreshments Company (LLC)	**-**	386
Oman Refreshments Company Limited	**-**	222
Jeema Mineral Water (P.S.C.)	**4,592**	-
Genavco	**-**	924
	4,628	1,532

9. Financial assets at fair value through profit or loss

	December 31, 2009 AED'000	December 31, 2008 AED'000
Beginning of the year	**237**	8,963
Fair value gain/(loss) - net	**161**	(727)
Disposals	**(398)**	(7,999)
At end of the year	**-**	237

All the investments in financial assets at fair value through profit or loss are held in equity securities listed on stock exchange. The fair value of all equity securities was based on their quoted prices on year end date. As at December 31, 2009, the Company had no investments in financial assets at fair value through profit or loss.

10. Property, plant and equipment

	Buildings AED'000	Plant, machinery and equipment AED'000	Motor vehicles AED'000	Coolers AED'000	Furniture and fixtures AED'000	Capital work-in-progress AED'000	Total AED'000
Costs							
At December 31, 2007	36,993	85,769	35,311	85,284	4,237	42,273	289,867
Additions	2,638	7,562	3,502	2,034	168	16,864	32,768
Disposals	-	(1,354)	(11,203)	(289)	-	-	(12,846)
Transfer to disposal group held for sale	(7,703)	(20,825)	-	-	(170)	-	(28,698)
Transfer from capital work in progress	14,386	43,988	701	-	62	(59,137)	-
At December 31, 2008	46,314	115,140	28,311	87,029	4,297	-	281,091
Transfer (to) / from disposal group held for sale	713	(455)	-	-	(194)	-	64
Additions	1,943	6,945	240	5,515	422	6,278	21,343
Disposals	(349)	(5,522)	(27,768)	(2,250)	(86)	-	(35,975)
At December 31, 2009	**48,621**	**116,108**	**783**	**90,294**	**4,439**	**6,278**	**266,523**
Accumulated depreciation							
At December 31, 2007	19,824	50,096	22,553	60,340	3,896	-	156,709
Charge for the year	2,082	9,405	4,624	8,659	320	-	25,090
Disposals	-	(221)	(9,398)	(284)	-	-	(9,903)
Transfer to disposal group held for sale	(2,712)	(5,959)	-	-	(148)	-	(8,819)
At December 31, 2008	19,194	53,321	17,779	68,715	4,068	-	163,077
Transfer (to) / from disposal group held for sale	1,000	(1,809)	-	-	(200)	-	(1,009)
Charge for the year	2,544	10,370	2,341	8,420	283	-	23,958
Disposals	(226)	(5,148)	(19,675)	(2,181)	(86)	-	(27,316)
At December 31, 2009	**22,512**	**56,734**	**445**	**74,954**	**4,065**	**-**	**158,710**
Carrying amount							
At December 31, 2009	**26,109**	**59,374**	**338**	**15,340**	**374**	**6,278**	**107,813**
At December 31, 2008	27,120	61,819	10,532	18,314	229	-	118,014

10. Property, plant and equipment (continued)

a) The values of building, property, plant and equipment and furniture and fixtures classified as disposal group held for sale at December 31, 2008 have been adjusted during the year ended December 31, 2009 based on the values of assets sold during the year ended December 31, 2009. These adjustments are included under transfer (to) / from disposal group held for sale and have no impact on the income statement.

b) Factory buildings have been constructed on land provided free of charge by H.H. The Ruler of Dubai.

c) The staff quarters have been constructed on land leased to the Company on an annual basis and in the opinion of management, the lease will be renewed for a period at least equivalent to the useful life of the staff quarters.

d) The depreciation charge for the year has been dealt with in the income statement as follows:

	Year ended December 31,	
	2009	2008
	AED'000	AED'000
Cost of sales	**10,185**	7,374
Selling and distribution expenses	**11,190**	14,280
General and administrative expenses	**2,583**	3,436
	23,958	25,090

11. Intangible assets

	Franchise and bottling rights AED'000	Computer software AED'000	Lease rights AED'000	Goodwill AED'000	Total AED'000
Cost					
At December 31, 2007	62,391	4,638	2,157	5,274	74,460
Transfer to disposal group held for sale	-	-	(2,157)	(5,274)	(7,431)
At December 31, 2008	62,391	4,638	-	-	67,029
At December 31, 2009	**62,391**	**4,638**	**-**	**-**	**67,029**
Accumulated amortisation					
At December 31, 2007	14,820	3,092	412	-	18,324
Charge for the year	3,120	1,546	215	-	4,881
Transfer to disposal group held for sale	-	-	(627)	-	(627)
At December 31, 2008	17,940	4,638	-	-	22,578
Transfer	-	-	-	-	-
Charge for the year	3,117	-	-	-	3,117
At December 31, 2009	**21,057**	**4,638**	**-**	**-**	**25,695**
Net carrying amount					
At December 31, 2009	**41,334**	**-**	**-**	**-**	**41,334**
At December 31, 2008	44,451	-	-	-	44,451

12. Available-for-sale financial assets

	December 31,	
	2009	2008
	AED'000	AED'000
Beginning of the year	**53,437**	81,471
Additions	**-**	369
Disposals	**(94)**	(6,160)
Net fair value gain/(loss) transferred to/(from) equity	**3,612**	(22,243)
At end of the year	**56,955**	53,437

There was no impairment provision on available-for-sale financial assets in 2009 or 2008.

12. Available-for-sale financial assets (continued)

All the investments in available-for-sale financial assets are held in equity securities listed on the stock exchanges. Included in above are investments of 479,160 shares (2008: 399,300 shares) of Etisalat with a carrying amount of AED 5,270,760 and cost of AED 827,120 (2008: a carrying amount of AED 3,965,049 and cost of AED 827,120), which are held in the name of the late Mr. Humaid Al Owais in trust and for the benefit of the Company. These shares are in process of being transferred in name of a Director of the Company who will hold these shares in trust and for the benefit of the Company.

Available-for-sale financial assets are denominated in the following currencies:

	December 31,	
	2009	2008
	AED'000	AED'000
U.A.E. Dirhams	**32,706**	26,597
Omani Riyals	**24,249**	26,840
	56,955	53,437

13. Assets of disposal group classified as held-for-sale

The assets relating to Aquafina bottling plant were presented as held for sale following the approval of the Company's Board of Directors on December 22, 2008. At December 31, 2008, assets of disposal group classified as held for sale comprised of following:

	December 31, 2008
	AED'000
Property, plant and equipment (Net book value)	19,879
Intangible assets (Net book value)	6,804
Inventories (Note 6)	794
	27,477

13. Assets of disposal group classified as held-for-sale (continued)

The transaction was completed on February 22, 2009. The sale of assets of the disposal group was completed as explained below:

a) The disposal group assets relating to Aquafina bottling plant were sold to:

i) Jeema Mineral Water (P.S.C.) ["Jeema"], a related party (Note 8): A contract of sale was signed by both the parties on February 22, 2009 and all the assets relating to the Aquafina bottling plant with a net book value of AED 25.31 million were sold to Jeema Mineral Water (P.S.C) at a consideration of AED 26.50 million resulting in a gain of AED 1.19 million.Out of consideration of AED 26.5 million, AED 10 million is deposited under Escrow account to be released on execution and delivery of renewed land leased agreement to Jeema. At December 31, 2009, remaining consideration of AED 16.5 million is receivable and is included under due from related party.

ii) Others: Assets with a net book value of AED 1.35 million were sold to a third party at a consideration of AED 0.63 million resulting in a loss of AED 0.72 million.

The net book value of assets of disposal group sold during the year 2009 comprised of:

	AED'000
Property, plant and equipment	**18,806**
Intangible assets	**6,804**
Inventories	**1,053**
	26,663

b) Under the asset sale agreement dated February 22, 2009, the Company has sold all the assets pertaining to the Aquafina plant to Jeema. A renewal of lease agreement for the land on which the plant and equipment are presently constructed has been obtained from the authorities as per the agreement. Furthermore, as per the agreement, the Company transferred certain employees to Jeema and accordingly the indemnity of the transferred employees up to the completion date is classified as trade payable to Jeema.

c) As per the asset sale agreement between the Company and Jeema, each of the parties had acknowledged and agreed that the first instalment of AED 10 million from Jeema will be held and released by the Escrow agent. This money has not been released as at December 31, 2009 and will be released (together with accumulated interest) to the Company on execution and delivery of the renewed land lease agreement to Jeema. This amount has been disclosed as "Fixed deposit under lien".

13. Assets of disposal group classified as held-for-sale (continued)

d) The Company currently holds the Aquafina bottling and selling rights for the whole of U.A.E. Pursuant to a co-packing agreement dated February 22, 2009, entered between the Company and Jeema, the Company has appointed Jeema as a bottler and co-packer of Aquafina water. This agreement is valid for a period of three years. Under the terms of the agreement, the Company shall supply, without charge, to Jeema all raw materials required for production and the bottling of Aquafina water which is contracted to be delivered by Jeema to the Company. Jeema will bottle Aquafina water exclusively on behalf of the Company for which it will charge the Company an agreed price per case for packing and bottling.

14. Bank borrowings

Bank borrowings comprise of bank overdrafts. These overdrafts are unsecured and carry an interest rate of EIBOR plus 2.50 % per annum with a minimum rate of 6% per annum.

15. Trade and other payables

	December 31,	
	2009	2008
	AED'000	AED'000
Trade payables	**58,514**	45,090
Accrued expenses	**15,460**	11,834
Accrual for employees' salaries and benefits	**10,819**	8,884
Due to directors (Note 8)	**1,036**	750
Other payables	**5,841**	6,538
	91,670	73,096

16. Provision for employees' end of service indemnity

	2009	2008
	AED'000	AED'000
Balance at the beginning of the year	**10,338**	7,960
Charge for the year	**2,117**	3,367
Transfer to a related party [Note 13 (b)]	**(175)**	-
Payments during the year	**(2,106)**	(989)
Balance at the end of the year	**10,174**	10,338

Provision for employees' end of service indemnity is made in accordance with the U.A.E. Labour laws and is based on current remuneration and cumulative years of service at the balance sheet date.

17. Share capital

	December 31,	
	2009	2008
	AED'000	AED'000
Authorised, issued and fully paid		
60,000,000 shares of AED 1 each		
(2008: 60,000,000 shares of AED 1 each)	**60,000**	60,000
	==========	==========

At Annual General Meeting held on April 4, 2009 a cash dividend of 15% was approved by the shareholders which was distributed during the year.

18. Statutory reserve

In accordance with Article 192 of the U.A.E. Commercial Companies Law of 1984, as amended, and the Company's articles of association, 10% of the net profit for each year is required to be transferred to a statutory reserve until the statutory reserve reaches 50% of the paid up share capital. During the year, AED 3,210,985 (2008: AED 1,439,804) has been transferred to the statutory reserve.

19. General reserve

In accordance with Article 193 of the U.A.E. Commercial Companies Law of 1984, as amended, and the Company's articles of association, 10% percent of the Company's net profit may be transferred to a general reserve to be used only for the purposes stated in the Company's articles.

In accordance with Clause 58 of the Company's articles of association, 10% of the net profit for each year should be transferred to this reserve and such transfers may cease when the reserve equals 5% of the paid up share capital of the Company. As the Company's general reserve is already in excess of 5% of the paid up share capital, no transfer has been made during the year.

20. Dividend equalisation reserve

This is a general reserve representing appropriations from the net profit of the Company. The reserve is available for distribution to shareholders upon the recommendation of the Board of Directors.

21. Plant replacement reserve

The reserve represents amounts appropriated from the net profit of the Company. The reserve is available for distribution to shareholders upon the recommendation of the Board of Directors.

22. Fair value reserve

The fair value reserve represents the unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets which are recognised in the fair value reserve in equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

23. Deferred revenue

	December 31,	
	2009	2008
	AED'000	AED'000
Balance at the beginning of the year	**-**	1,109
Transfer to other operating income (Note 25)	**-**	(1,109)
Balance at the end of the year	**-**	-

24. Note to the statement of cash flows

For the purposes of the statement of cash flows, "cash and cash equivalents" comprise of:

	2009	2008
	AED'000	AED'000
Cash and cash equivalents (Note 5)	**80,624**	7,026
Bank borrowings	**(8,999)**	-
	71,625	7,026

Bank overdraft is included as a component of cash and cash equivalents for the purposes of statement of cash flow as it is repayable on demand, forms an integral part of Company's cash management and fluctuates from positive to negative during the year.

25. Other operating income

a)

	December 31, 2009	2008
	AED'000	AED'000
Contribution from Pepsi Cola International [Note 25 (b)]	2,936	-
Transfer from deferred revenue (Note 23)	-	1,109
Others	-	776
	2,936	1,885

b) Contribution from Pepsi Cola International represents performance incentives given to the Company during the current year.

26. Selling and distribution expenses

	Year ended December 31, 2009	2008
	AED	AED
Employees' salaries and benefits	37,595	39,534
Advertisement and marketing expenses	26,181	30,891
Rental charges	13,149	2,172
Depreciation (apportioned)	11,190	14,280
Fleet expenses	6,336	11,086
Allowance for doubtful debts	1,500	2,552
Vending machine related expense	1,299	1,846
Others	1,639	2,241
	98,889	104,602

27. General and administrative expenses

	Year ended December 31, 2009	2008
	AED	AED
Employees' salaries and benefits	20,258	18,556
Building maintenance and security expenses	4,196	3,480
Office utilities	2,762	2,382
Depreciation (apportioned)	2,583	3,436
Professional charges	2,621	2,501
Rental charges	1,316	35
Bank charges	1,096	480
Others	3,698	4,679
	38,530	35,549

28. Other income

	December 31, 2009 AED'000	December 31, 2008 AED'000
Interest income	**1,364**	-
Fair value gain/(loss) on financial assets at fair value through profit or loss	**161**	(727)
Others	**(298)**	791
	1,227	64

29. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The bonus issue of shares are considered to be made at the beginning of the earliest period presented for the purpose of computation of weighted average number of ordinary shares.

	December 31, 2009	December 31, 2008
Profit attributable to equity holders of the Company (in'000)	**32,110**	14,398
Weighted average number of ordinary shares in issue (in'000)	**60,000**	60,000
Basic earnings per share	**0.54**	0.24

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company does not have any dilutive potential ordinary shares.

30. Financial instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(b) Categories of financial instruments

	December 31,	
	2009	2008
	AED'000	AED'000
Financial assets		
Available-for-sale financial assets	**56,955**	53,437
Due from related parties	**16,747**	-
Financial assets at fair value through profit or loss	**-**	237
Trade and other receivables	**59,157**	64,381
Cash and cash equivalents	**80,624**	7,026
Fixed deposit under lien	**10,205**	-
	223,688	125,081
Financial liabilities		
Due to related parties	**4,628**	1,532
Trade and other payables	**91,670**	73,096
Bank borrowings	**8,999**	-
	105,297	74,628

31. Financial risk management objectives

The Company's management has set financial risk management policies. These policies set out the Company's overall business strategies and its risk management philosophy. The Company's overall financial risk management program seeks to minimize potential adverse effects of financial performance of the Company. The Management provides principles for overall financial risk management and policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk and investing excess cash. Periodic reviews are undertaken to ensure that the Company's policy guidelines are complied with.

31. Financial risk management objectives (continued)

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Foreign currency risk management

The Company does not have any significant foreign currency exposure, as a significant proportion of the sales and purchases are denominated in U.A.E. Dirhams or currencies to which U.A.E. Dirham is currently pegged.

(b) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties. Credit exposure is controlled by counterparty limits that are reviewed by the management and the Company maintains an allowance for doubtful accounts receivable based on expected collectibility of all accounts receivables.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

Further details of credit risks on trade and other receivables are discussed in Note 7.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks which are registered in the U.A.E.

(c) Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at floating interest rates.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

31. Financial risk management objectives (continued)

(c) Interest rate risk management - continued

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's profit for the year ended December 31, 2009 would decrease/increase by AED 45,000 (2008: Nil).

d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management which has built a liquidity risk management framework for the management of the Company's short, medium and long-term funding. The Company manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

31. Financial risk management objectives (continued)

d) Liquidity risk management - continued

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Total
	%	AED'000	AED'000	AED'000
Financial assets				
2009				
Non-interest bearing	**-**	**126,991**	**6,500**	**133,491**
Interest bearing	**3.5%**	**90,197**	**-**	**90,197**
		217,188	**6,500**	**223,688**
2008				
Non-interest bearing	-	125,081	-	125,081

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	Less than 1 year	Between 1 and 2 years	Total
	%	AED'000	AED'000	AED'000
Financial liabilities				
2009				
Non-interest bearing	**-**	**96,298**	**-**	**96,298**
Interest bearing	**6%**	**8,999**	**-**	**8,999**
		105,297	**-**	**105,297**
2008				
Non-interest bearing	-	74,628	-	74,628

31. Financial risk management objectives (continued)

(e) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet either as available for sale or at fair value through profit and loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

The Company's investments in equity of other entities that are publicly traded and are included in one of the following four indexes: Muscat Securities Market, Dubai Financial Market, Abu Dhabi Securities Market and Dubai International Financial Exchange.

The table below summarizes the impact of increase on the Company's profit for the year and on equity on the assumption that the equity indexes will increase by 5% with all other variables held constant and all the Company's equity instruments moved according to historical correlation of the index. There will be equivalent decrease in profit for the year if the equity index will decrease by 5%.

	Impact on profit		**Impact on equity**	
Index	**2009**	2008	**2009**	2008
	AED'000	AED'000	**AED'000**	AED'000
Muscat Securities Market	**-**	-	**1,212**	1,342
Dubai Financial Market	**-**	-	**1,371**	1,132
Dubai International Financial Exchange	**-**	12	**-**	-
Abu Dhabi Securities Market	**-**	-	**263**	198

The Company is also exposed to commodities price risk because of the raw materials used by the Company in the production process. The Company does not hedge its commodity price risk.

(f) Fair value of financial instruments

The fair values of financial assets and financial liabilities at the balance sheet date approximate their carrying values in the balance sheet.

32. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2008.

The capital structure of the Company consists of net debt (borrowings as detailed in Note 14 offset by cash and bank balances) and shareholders' equity of the Company (comprising issued capital, reserves and retained earnings).

The Company is not subject to any externally imposed capital requirements.

The Company's management reviews the capital structure of the Company on a regular basis.

The debt- equity ratio at the year end was as follows:

	December 31,	
	2009	2008
	AED'000	AED'000
Debt (Note 14)	**8,999**	-
Shareholders' equity	**299,326**	273,698
Debt Equity ratio	**0.03:1**	N/A

33. Segment reporting

The Company operates in a single reporting segment of canning, bottling, distribution, and trading in soft drinks and related beverage products. All the relevant information relating to this reporting/operating segment is disclosed in the statement of financial position, income statement, comprehensive income and notes to the financial information.

Additional information required by IFRS 8: *Segment Reporting* is disclosed below:

a) *Information about geographical segments*

During the year 2009, revenues from customers located in the Company's country of domicile (U.A.E.) is AED 591 million (2008: AED 581 million) and revenue from customers outside U.A.E. (foreign countries) is AED 107 million (2008: AED 46 million).

33. Segment reporting (continued)

b) Major customers

During the year 2009, there were no customers (2008: Nil) of the Company with revenues greater than 10% of the total revenue of the Company.

34. Capital commitments

The directors have authorized future capital expenditures amounting to AED 12,350,548 (December 31, 2008: AED 55,950,241).

An expenditure of AED 400 million has also been authorised by the directors for a green field project. The expenditure is subject to authorization from General Assembly.

35. Operating lease arrangements

Leasing arrangements

Operating leases relate to leases of premises, vehicles and land with lease terms of between 1 and 30 years.

	Year ended December 31,	
	2009	2008
	AED'000	AED'000
Minimum lease payments recognised as expense during the year.	**14,962**	3,439

Operating lease commitments

	December 31,	
	2009	2008
	AED'000	AED'000
Not later than 1 year	**16,948**	4,346
Later than 1 year and not later than 5 years	**40,015**	14,843
Later than 5 years	**63,628**	66,300
	120,591	85,489

36. Proposed dividend

In respect of the current year, the directors propose that a dividend of AED 0.25 per share will be paid to the shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is AED 15 million.

37. Comparative figures

Certain amounts for the prior year were reclassified to conform to current year presentation.