Dubai Refreshments (PSC)

Report and financial statements for the year ended 31 December 2008

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Report of the Chairman - 2008

Dear Shareholders,

I have the great pleasure sharing with you the highlights of another year of great achievements for DRC.

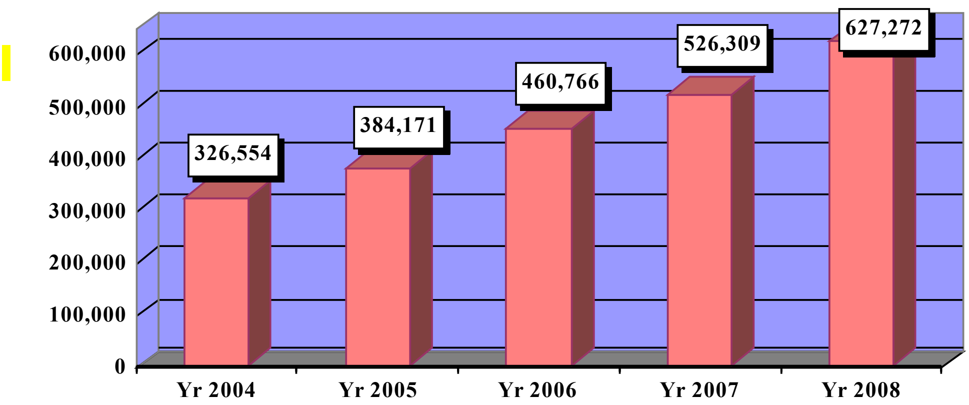
Financial Summary

2008 was a year of great positive changes for DRC. At the start of the year, all our major indicators showed negative outlook. Sales forecast was not very promising. Our profit forecast for year 2008 was AED 5 million and we started the year with total bank borrowings of AED 80 million in our books. The continuously increasing cost of raw materials, combined with limited warehousing and production capacity for cans and plastic bottles negatively impacted our profitability. In May – June 2008 the new board and management took several decisions to reverse the declining trend. This included management restructuring, re-evaluation of customer contracts, improvement in debtors and creditors' period, cost rationalization and selling some portfolio investments. Due to these actions, DRC managed to repay all borrowings and achieved a positive cash balance by year end 2008. At the end of the year company had over 7 million positive balance in banks and no overdraft, which is a first since 2004.

Sales Revenue Growth

Sales revenue grew in 2008 by 19% against a volume growth of 14%. This was ahead of plan by 4%. Our sales success has been achieved by enlarge behind strong marketing & promotional campaigns and expansion of the new 500 ml single serve plastic bottle.

Revenue Growth Achievement



(AED '000)

Dubai Refreshments (PSC)

Report of the Chairman (continued)

Profitability

In terms of profitability, we have achieved AED 14.4 million net profit, which is significantly better than our original plan of AED 5.28 million. Operating profits were AED 8.92 million, which is slightly less than the plan of AED 9.6 million, while gains on sale of investments were AED 5.04 million. Operating profit were impacted by capacity constraints, where significant volume was imported at higher cost than planned. In addition significant increases in fuel, electricity and water cost also impacted profitability.

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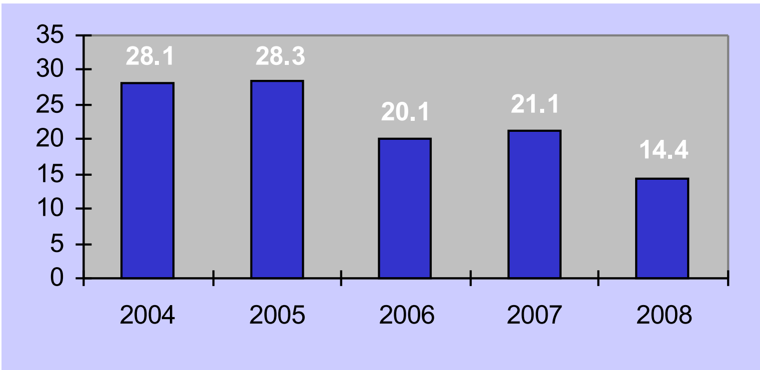
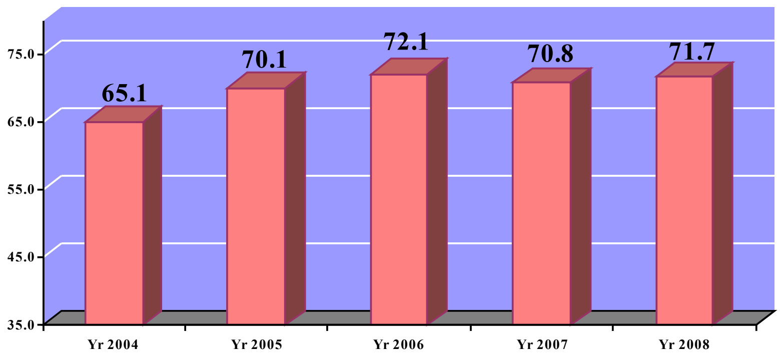
PROFITABILITY



Market Share

As far as market share is concerned, Dubai Refreshments PSC ('DRC') products gained approximately one full share point in 2008 and we ended the year with an average of 71.7 % share of market. This is a significant achievement given the tough competition that exits in soft drink category.

MARKET SHARE GAINS (% to Total)



Capital Projects

A new state of the art high capacity CAN line was successfully commissioned in July 2008. As a result of this addition DRC will be able to meet rapidly rising local CAN demand and still be able to take advantage of many export opportunities. Both the new & old CAN lines are being fully utilized since the commissioning of the new line, which indicates it was a timely investment.

2009 OUTLOOK

In 2009 we are looking at optimizing production and adding new capacity for the plastic bottles to support expected high growth rates particularly for the new 500 ml bottle. In addition, we are looking at submitting a proposal by the end of 2009 to move our production facility to a more suitable location in the new industrial area. For this purpose DRC has already secured a 1 million sq feet plot in Techno Park.

In order to finance this much needed additional capacity, the DRC board has approved the sale of the Aquafina plant in Dibba to our sister company Jeema. Concurrent with the sale, a separate long term agreement has been signed with Jeema to produce DRC's needs of Aquafina. This transaction will help DRC build cash reserves and will help both Jeema and DRC reduce the cost of producing water by leveraging the combined economies of scale.

Aside from the capital restructuring described above, DRC has also taken two strategic decisions to improve productivity and profitability.

First, DRC has already started distributing a range of non-carbonated beverages which includes world famous brands such as Gatorade, Tropicana Juice, AMP energy drink, Bario non alcoholic beer in addition to the existing Lipton iced tea. A long term exclusive distribution agreement is currently under discussion with Pepsico. The management expects good growth for these products going forward with significant contribution to DRC profitability within 3 years.

Second, DRC management has recommended and received board approval to outsource the fleet department. This action will help improve operations while reducing the capital needed to renew our fleet, which needs significant additions and upgrades. DRC will divert many resources dedicated to fleet to focus on our core business of producing and selling beverages.

The success of DRC is built on dedication and commitment of highly skilled employees. In 2008 we spent more time and effort listening to our employees and we have invested in improving working conditions and compensation. As a result we are proud of the fact that turnover has been reduced dramatically and we were able to retain our best people to guide us through another successful year.

2009 OUTLOOK (continued)

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, UAE Minister of Finance & Industry for his continuous support to our Company.

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 and suppliers are all equally important to us in all our endeavours. It is pertinent to mention here that the challenges ahead are enormous foe the company and require a clear vision and expanded creative thinking. It is even more important in this challenging & competitive environment to grow our business and improve profitability. I hope that we shall meet all these challenges with the same strength and vigour as we have met in past.

Thank you,

Chairman of the Board
Ahmad Al Shafar
……………………2009

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Independent auditor's report to the directors and shareholders of Dubai Refreshments (PSC)

Report on the financial statements

We have audited the accompanying financial statements of Dubai Refreshments (PSC) ("the company") which comprise the balance sheet as of 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The 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 the 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 judgement, 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.

Independent auditor's report to the directors and shareholders of Dubai Refreshments (PSC) (continued)

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2008 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

Further, as required by the UAE Federal Law No (8) of 1984, as amended, we report that:

(i) we have obtained all the information we considered necessary for the purposes of our audit;

(ii) the financial statements comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (8) of 1984, as amended and the Articles of Association of the company;

(iii) the company has maintained proper books of account and has carried out a physical verification of inventories at the year end in accordance with properly established procedures;

(iv) the financial information included in the report of the Chairman is consistent with the books of account of the company; and

(v) nothing has come to our attention which causes us to believe that the company has breached any of the applicable provisions of the UAE Federal Law No (8) of 1984, as amended, or of its Articles of Association which would materially affect its activities or its financial position as of 31 December 2008.

PricewaterhouseCoopers
…………...2009

Paul Suddaby
Registered Auditor Number 309
Dubai, United Arab Emirates

Dubai Refreshments (PSC)

Balance sheet

	Note	As at 31 December 2008 AED'000	2007 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	118,014	133,158
Intangible assets	7	44,451	56,136
Available-for-sale financial assets	9	53,437	81,471
		215,902	270,765
Current assets			
Financial assets at fair value through profit or loss	10	237	8,963
Inventories	11	40,955	37,117
Trade and other receivables	12	66,964	107,656
Cash and cash equivalents	13	7,129	2,506
		115,285	156,242
Assets of disposal group classified as held-for-sale	8	27,477	-
Total assets		358,664	427,007
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	60,000	50,000
Statutory reserve	17	21,471	20,031
General reserve	18	7,062	7,062
Dividend equalisation reserve	19	31,962	31,962
Plant replacement reserve	20	45,200	45,200
Fair value reserve	21	41,567	68,856
Retained earnings		66,436	64,228
Total equity		273,698	287,339
Non-current liabilities			
Provision for employees' end of service benefits	22	10,338	7,960
Deferred revenue	23	-	1,109
		10,338	9,069
Current liabilities			
Trade and other payables	15	74,628	50,653
Bank overdraft	13	-	59,235
Bank borrowing	14	-	20,711
		74,628	130,599
Total liabilities		84,966	139,668
Total equity and liabilities		358,664	427,007

These financial statements were approved by the Board of Directors on …………………2009 and signed on their behalf by:

……………………… ………………………

Director Director

The notes on pages 11 to 40 form an integral part of these financial statements.

Dubai Refreshments (PSC)

Income statement

	Note	Year ended 31 December 2008 AED'000	2007 AED'000
Revenue		627,272	526,309
Cost of sales		(475,202)	(397,803)
Gross profit		152,070	128,506
Other operating income	24	1,885	1,212
		153,955	129,718
Expenses			
Selling and distribution		(104,602)	(80,977)
General and administrative		(35,549)	(30,737)
Amortisation of intangible assets	7	(4,881)	(4,881)
Operating profit	25	8,923	13,123
Dividend income		1,955	2,060
Other income	26	64	10,284
Net realised gain on disposal of available for sale financial assets transferred from statement of changes in equity		5,046	-
Interest expense		(1,590)	(4,363)
Profit for the year		14,398	21,104
		AED	AED
Earning per share			
Basic and diluted	27	0.24	0.35

The notes on pages 11 to 40 form an integral part of these financial statements.

Dubai Refreshments (PSC)

Statement of changes in equity

	Note	Share capital	Statutory reserve	General reserve	Dividend Equalisation reserve	Plant replacement reserve	Fair value reserve	Retained earnings	Total
		AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2007		40,000	17,921	7,062	31,962	45,200	53,855	56,134	252,134
Profit for the year		-	-	-	-	-	-	21,104	21,104
Net unrealised gains on available-for-sale financial assets	9	-	-	-	-	-	15,001	-	15,001
Directors' fees	28	-	-	-	-	-	-	(900)	(900)
Issue of bonus shares		10,000	-	-	-	-	-	(10,000)	-
Transfer to statutory reserve	17	-	2,110	-	-	-	-	(2,110)	-
At 31 December 2007		50,000	20,031	7,062	31,962	45,200	68,856	64,228	287,339
Profit for the year		-	-	-	-	-	-	14,398	14,398
Net unrealised loss on available-for-sale financial assets	9	-	-	-	-	-	(22,243)	-	(22,243)
Directors' fees	28	-	-	-	-	-	-	(750)	(750)
Issue of bonus shares	16	10,000	-	-	-	-	-	(10,000)	-
Net realised gain on disposal of available-for-sale financial assets transferred to income statement		-	-	-	-	-	(5,046)	-	(5,046)
Transfer to statutory reserve	17	-	1,440	-	-	-	-	(1,440)	-
At 31 December 2008		60,000	21,471	7,062	31,962	45,200	41,567	66,436	273,698

The notes on pages 11 to 40 form an integral part of these financial statements.

Dubai Refreshments (PSC)

Cash flow statement

	Note	Year ended 31 December 2008 AED'000	2007 AED'000
Operating activities			
Net profit for the year		14,398	21,104
Adjustments for:			
Depreciation	25	25,090	23,011
Amortisation of intangible assets	7	4,881	4,881
Profit on disposal of property, plant and equipment	25	(474)	-
Gain on disposal of an investment property	26	-	(5,521)
Provision for employees' end of service benefits	22	3,367	1,885
Provision for impairment of receivables net of reversals	12	2,552	690
Transfer from deferred revenue	24	(1,109)	(1,212)
Fair value loss/(gain) on financial assets at fair value through profit or loss	26	727	(4,396)
Gain on disposal of available for sale financial assets including transfer from statement of changes in equity		(5,046)	-
Dividend income		(1,955)	(2,060)
Interest expense		1,590	4,363
Operating cash flows before changes in working capital and payment of employees' end of service benefits		44,021	42,745
Payment of employees' end of service benefits	22	(989)	(864)
Changes in working capital:			
Inventories	11	(4,632)	12,548
Trade and other receivables before movement in provision and write offs	12	38,140	10,168
Trade and other payables	15	24,125	(11,245)
Net cash provided by operating activities		100,665	53,352
Investing activities			
Additions to investment property		-	(27)
Purchase of property, plant and equipment	6	(32,768)	(62,716)
Purchase of available for sale financial assets	9	(369)	-
Proceeds from sale of financial assets at fair value through profit or loss	10	7,999	-
Proceeds from disposal of available for sale financial assets		6,160	750
Proceeds from disposal of property, plant and equipment		3,417	-
Dividend received		1,955	2,060
Net cash used in investing activities		(13,606)	(59,933)
Financing activities			
Bank borrowing		(20,711)	13,604
Interest paid		(1,590)	(4,363)
Directors' fees paid	28	(900)	(900)
Net cash (used in)/provided by financing activities		(23,201)	8,341
Net increase in cash and cash equivalents		63,858	1,760
Cash and cash equivalents, beginning of the year		(56,729)	(58,489)
Cash and cash equivalents, end of the year	13	7,129	(56,729)

The notes on pages 11 to 40 form an integral part of these financial statements.

1 Legal status and activities

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.

The company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates. The company owns 7UP and Aquafina bottling and selling rights throughout the UAE.

The company is listed on the Dubai Financial Market.

2 Summary of 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.

2.1 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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) Interpretation effective in 2008

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the company's financial statements as the company is not subject to any minimum funding requirements.

2 Summary of the significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Interpretations effective in 2008 but not relevant to the company's operations

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the company's operations:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions';
- IFRIC 12, 'Service concession arrangements'; and
- IFRIC 13, 'Customer loyalty programmes'.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods, but the company has not early adopted them:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009);
- IAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009);
- IAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009);
- IAS 19 (Amendment), 'Employee benefits' (effective from 1 January 2009);
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009);
- IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009); and
- IFRS 8, 'Operating segments' (effective from 1 January 2009).

There are number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008. These amendments are unlikely to have an impact on the company's accounts and have therefore not been analysed in detail.

2 Summary of the significant accounting policies (continued)

2.1 Basis of preparation (continued)

(d) Interpretations and amendments to existing standards that are not yet effective and not relevant for the company's operations

The following interpretations and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the company's operations:

- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from 1 January 2009);
- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial Instruments: Disclosures') (effective from 1 January 2009);
- IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009);
- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendment to IAS 32 and IFRS 7) (effective from 1 January 2009);
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS) (effective from 1 January 2009);
- IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009);
- IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009);
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009);
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009);
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009);
- IFRS 1 (Amendment), 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009); and
- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from 1 October 2008).

2 Summary of the significant accounting policies (continued)

2.2 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.

2.3 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 returns that are different from those of segments operating in other economic environments.

2.4 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.

2 Summary of the significant accounting policies (continued)

2.4 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 'operating profit'.

2.5 Intangible assets

(i) 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. These intangible assets are not revalued.

(ii) 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.

(iii) 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).

(iv) 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.

2 Summary of the significant accounting policies (continued)

2.6 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 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.

2.8 Financial assets

2.8.1 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.

i) 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.

ii) 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.

iii) 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.

2 Summary of the significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.2 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 within other income, 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 as part of other income when the company’s right to receive payments is established.

2 Summary of the significant accounting policies (continued)

2.8 Financial assets (continued)

2.8.2 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.

2.9 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). It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 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.

2 Summary of the significant accounting policies (continued)

2.11 Trade payables

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

2.12 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.

2.13 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.

2.14 Provision for staff benefits

A provision is made for the estimated liability for employees' entitlements to annual leave and airfares as a result of services rendered by eligible employees up to the balance sheet date. Provision is also made, using actuarial techniques, for the end of service benefits due to employees in accordance with the UAE Labour Law, for their periods of service up to the balance sheet date. The provision relating to annual leave and airfares is disclosed as a current liability, while that relating to end of service benefits is disclosed as a non-current liability.

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

2.15 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.

2 Summary of the significant accounting policies (continued)

2.16 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.

(a) 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.

(b) Interest income

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

(c) Dividend income

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

2.17 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'UAE Dirhams', which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2 Summary of the significant accounting policies (continued)

2.18 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.

2.19 Leases

Leases in which significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

3 Financial risk management

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk:

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

(ii) 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.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

The table below summarises the impact of increase/decrease of the four indexes on the company's profit for the year and on equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the company's equity instruments moved according to historical correlation of the index:

	Impact on profit		Impact on equity	
Index	2008	2007	2008	2007
	AED'000	AED'000	AED'000	AED'000
Muscat Securities Market	-	-	1,342	859
Dubai Financial Market	-	52	1,132	2,831
Dubai International Financial Exchange	12	75	-	-
Abu Dhabi Securities Market	-	328	198	383

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.

(iii) Cash flow and fair value interest rate risk:

As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company does not have any interest rate risk as at the year end as all the borrowings have been repaid during the year.

(b) Credit risk

Credit risk arises from cash and cash equivalents and credit exposures to customers. The concentration of credit with customers of the company is not significant as the company sells its products to a large number of diverse customers in the United Arab Emirates and North Africa. The company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The company maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2008	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
	AED'000	AED'000	AED'000	AED'000	AED'000
Trade and other payables	74,628	74,628	-	-	-

31 December 2007	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
	AED'000	AED'000	AED'000	AED'000	AED'000
Trade and other payables	50,653	50,653	-	-	-
Bank overdraft	59,235	59,235	-	-	-
Bank borrowing	20,711	20,711	-	-	-
	130,599	130,599	-	-	-

3 Financial risk management (continued)

3.2 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt represents total borrowings, including 'current and non-current borrowings' as shown in the balance sheet. Total capital is calculated as 'equity' as shown in the balance sheet plus total debt.

The gearing ratios at 31 December 2008 and 2007 were as follows:

	2008 AED'000	2007 AED'000
Bank borrowing (Note 14)	-	20,711
Add: bank overdraft (Note 13)	-	59,235
Total debt	-	79,946
Total equity	273,698	287,339
Total capital	273,698	367,285
Gearing ratio	NA	22%

3.3 Fair value estimation

The fair values of the company's financial assets and liabilities approximate their carrying value as reflected in these financial statements.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

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:

a) 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.

b) Impairment of goodwill

Goodwill arises in business combinations. It is not amortised, but is tested annually for impairment. Management reviews, on a regular basis, the performance of cash generating units. Goodwill is allocated to one or more appropriate cash generating units and any impairment is determined by comparing the carrying value of the cash generating unit with its recoverable amount. When an impairment charge is necessary, it is first applied to goodwill. Management has determined that goodwill is not impaired as the recoverable amount of the cash generating unit is significantly higher than its carrying value.

4 Critical accounting estimates and judgements (continued)

c) 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.

5 Segment reporting

The company operates in one business segment of canning, bottling, distribution, and trading in soft drinks and related beverage products in the United Arab Emirates. All the relevant information relating to the primary segment is disclosed in the balance sheet, income statement and notes to the financial statements.

6 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
Cost							
At 1 January 2007	34,293	79,649	30,540	78,477	4,566	216	227,741
Additions	2,700	6,179	4,771	6,807	202	42,057	62,716
Disposals	-	(59)	-	-	(531)	-	(590)
At 31 December 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	(20,825)	(7,703)	-	-	(170)	-	(28,698)
Transfer from Capital work in progress	14,386	43,988	701	-	62	(59,137)	-
At 31 December 2008	33,192	128,262	28,311	87,029	4,297	-	281,091
Depreciation							
At 1 January 2007	18,195	42,276	18,420	51,697	3,798	-	134,386
Charge for the year	1,629	7,879	4,133	8,643	629	-	22,913
Disposals	-	(59)	-	-	(531)	-	(590)
At 31 December 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	(5,959)	(2,712)	-	-	(148)	-	(8,819)
At 31 December 2008	15,947	56,568	17,779	68,715	4,068	-	163,077
Net book amount							
At 31 December 2008	17,245	71,694	10,532	18,314	229	-	118,014
At 31 December 2007	17,169	35,673	12,758	24,944	341	42,273	133,158

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

b) The staff quarters have been erected 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.

6 Property, plant and equipment (continued)

c) Borrowing cost capitalised during the year amounted to AED 1,255,520 (2007: AED 1,485,000)

d) The depreciation charge for the year (including depreciation on investment property) has been dealt with in the income statement as follows:

	2008 AED'000	2007 AED'000
Cost of sales	7,332	4,899
Selling and distribution expenses	14,280	13,837
General and administrative expenses	3,478	4,275
	25,090	23,011

7 Intangible assets

	Franchise and bottling rights AED'000	**Computer software** AED'000	**Lease rights** AED'000	**Goodwill** AED'000	**Total** AED'000
Cost					
At 1 January 2007 and 31 December 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 31 December 2008	62,391	4,638	-	-	67,029
Amortisation					
At 1 January 2007	11,700	1,546	197	-	13,443
Charge for the year	3,120	1,546	215	-	4,881
At 31 December 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 31 December 2008	17,940	4,638	-	-	22,578
Net book amount					
At 31 December 2008	44,451	-	-	-	44,451
At 31 December 2007	47,571	1,546	1,745	5,274	56,136

8 Assets of disposal group classified as held-for-sale

The assets relating to Aquafina bottling plant have been presented as held for sale following the approval of the company's Board of Directors on 22 December 2008. The completion date for the transaction is 22 February 2009.

	2008 AED'000	2007 AED'000
Property, plant and equipment (Net book value)	19,879	-
Intangible assets (Net book value)	6,804	-
Inventories	794	-
Total	27,477	-

9 Available-for-sale financial assets

	2008 AED'000	2007 AED'000
Beginning of the year	81,471	66,470
Additions	369	-
Disposals	(6,160)	-
Net fair value (loss)/ gain transferred (from)/to equity	(22,243)	15,001
At end of the year	53,437	81,471

There were no impairment provisions on available-for-sale financial assets in 2008 or 2007.

All the investments in available-for-sale financial assets are held in listed equity securities. Included in above are listed investments of 399,300 shares (2007: 332,750 shares) of Etisalat with a carrying amount of AED 3,965,049 and cost of AED 827,120 (2007: a carrying amount of AED 7,669,888 and cost of AED 827,120), which are held in the name of Late Mr Humaid Al Owais in trust for the company.

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

	2008 AED'000	2007 AED'000
UAE Dirhams	26,597	64,287
Omani Riyals	26,840	17,184
	53,437	81,471

None of the financial assets is either past due or impaired.

10 Financial assets at fair value through profit or loss

	2008 AED'000	2007 AED'000
Held for trading securities		
Beginning of the year	8,963	4,567
Disposals	(7,999)	-
Fair value (loss) / gain – net (Note 26)	(727)	4,396
End of the year	237	8,963

All the investments in financial assets at fair value through profit or loss are held in listed equity securities. The fair value of all equity securities is based on their current bid prices in an active market.

11 Inventories

	2008 AED'000	2007 AED'000
Raw materials and consumables	22,146	21,804
Finished goods and goods for re-sale	15,518	10,948
Spare parts and supplies	4,600	4,946
	42,264	37,698
Less: Provision for slow moving inventories	(600)	(600)
	41,664	37,098
Goods in transit	85	19
	41,749	37,117
Less: Transfer to disposal group held for sale (Note 8)	(794)	-
	40,955	37,117

12 Trade and other receivables

	2008 AED'000	2007 AED'000
Trade receivables	56,032	65,002
Less: provision for impairment of receivables	(5,964)	(6,907)
Trade receivables – net	50,068	58,095
Other receivables	14,210	43,636
Prepaid expenses	2,686	5,131
Amounts due from related party (Note 28)	-	794
	66,964	107,656

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 31 December 2008, trade receivables of AED 6,980,000 (2007: AED 6,809,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2008 AED'000	2007 AED'000
Up to 3 months past due	5,419	4,306
3 to 6 months past due	1,561	2,503
	6,980	6,809

As of 31 December 2008, trade receivables of AED 5,964,090 (2007: AED 6,906,528) were impaired and provided for. The amount of the provision was AED 5,964,090 as of 31 December 2008 (2007: AED 6,906,528). It was assessed that a portion of receivables is expected to be recovered. The ageing of these receivables is as follows:

	2008 AED'000	2007 AED'000
6 to 12 months past due	658	1,552
Over 12 months past due	5,306	5,355
	5,964	6,907

12 Trade and other receivables (continued)

Movements on the company's provision for impairment of trade receivables are as follows:

	2008 AED'000	2007 AED'000
At 1 January	6,907	6,217
Provision for receivables impairment	2,552	1,282
Write offs	(3,495)	-
Reversals	-	(592)
At 31 December	5,964	6,907

The creation and reversal of provision for impaired receivables 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 classes 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.

13 Cash and cash equivalents

	2008 AED'000	2007 AED'000
Cash at bank	6,809	2,098
Cash on hand	320	408
Cash and cash equivalents	7,129	2,506

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2008 AED'000	2007 AED'000
Cash and cash equivalents	7,129	2,506
Bank overdrafts	-	(59,235)
	7,129	(56,729)

The bank balances are maintained with local commercial banks. Bank overdraft is unsecured and carries an annual interest rate of 4.2% (2007:6.5%)

Dubai Refreshments (PSC)

Notes to the financial statements for the year ended 31 December 2008
(continued)

14 Bank borrowing

Bank borrowings comprised of trust receipts. They are unsecured and carry an annual interest rate of 6.5% (2007: 6.5%). The carrying amounts of borrowings approximate their fair value and are denominated in UAE Dirhams.

	2008 AED'000	2007 AED'000

15 Trade and other payables

	2008 AED'000	2007 AED'000
Trade payables	45,090	32,769
Accrued expenses	11,834	4,832
Accrual for staff benefits	8,884	6,193
Amounts due to related parties (Note 28)	1,532	3,011
Due to directors	750	900
Other payables	6,538	2,948
	74,628	50,653

16 Share capital

	2008 AED'000	2007 AED'000
Authorised, issued and fully paid		
60,000,000 shares of AED 1 each (2007: 50,000,000 shares of AED 1 each)	60,000	50,000

At a meeting of the Board of Directors held on 30 March 2008, issuance of 20% bonus shares was recommended for the year ended 31 December 2007. The bonus issue has been approved by the shareholders in an annual general meeting held on 30 April 2008. Accordingly, the company has increased its authorised share capital to 60,000,000 shares of AED 1 each during the year ended 31 December 2008.

17 Statutory reserve

In accordance with Article 192 of the UAE 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 1,439,804 (2007: AED 2,110,361) has been transferred to the statutory reserve.

18 General reserve

In accordance with Article 193 of the UAE 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.

19 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.

20 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.

21 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.

22 Provision for employees' end of service benefits

	2008 AED'000	2007 AED'000
At 1 January	7,960	6,939
Charge for the year	3,367	1,885
Payments during the year	(989)	(864)
At 31 December	10,338	7,960

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2008 and 2007, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the company and the expected basic salary at the date of leaving the service. Management has assumed average increment/promotion costs of 3% to 5%. The expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 4.7% (2007: 6%)

	2008 AED'000	2007 AED'000

23 Deferred revenue

At 1 January	1,109	2,321
Transfer to other operating income (Note 24)	(1,109)	(1,212)
At 31 December	-	1,109

24 Other operating income

Transfer from deferred revenue (Note 23)	1,109	1,212
Others	776	-
	1,885	1,212

Notes to the financial statements for the year ended 31 December 2008
(continued)

25 Operating profit

The following items have been included in arriving at the operating profit:

	2008 AED'000	2007 AED'000
Staff costs	72,637	60,838
Depreciation (Note 6)	25,090	23,011
Amortisation of intangible asset (Note 7)	4,881	4,881
Repairs and maintenance expenditure on property plant and equipment	1,945	1,641
Trade receivables – impairment charge for bad and doubtful receivables net of reversals	2,552	690
Profit on disposal of property, plant and equipment	(474)	-

26 Other income

Gain on disposal of an investment property	-	5,521
Fair value (loss)/gain on financial assets at fair value through profit or loss (Note 10)	(727)	4,396
Others	791	367
	64	10,284

27 Earnings per share

(a) Basic

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.

	2008 AED	2007 AED
Profit attributable to equity holders of the company (in '000)	14,398	21,104
Weighted average number of ordinary shares in issue (in'000)	60,000	60,000
Basic earnings per share	0.24	0.35

27 Earnings per share (continued)

(b) Diluted

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.

	2008 AED	2007 AED
Diluted earnings per share	0.24	0.35

28 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 significant transactions with related parties in the ordinary course of business. These transactions, except for director's fees, were carried out at prices and on terms applicable to non-related parties for similar transactions.

	2008 AED'000	2007 AED'000
Directors' remuneration		
Directors' fees	750	900
Directors' sitting fees	124	136
	874	1,036
Key management remuneration		
Salaries and short term benefits	5,540	7,009
Pension and end of service benefit	470	538
	6,010	7,547
Sales to affiliate		
Oman Refreshments Company Limited	2,263	11,752

28 Related party transactions and balances (continued)

	2008 AED'000	2007 AED'000
Purchases from affiliates		
Al Tajir Glass Industry	274	14,414
National Refreshments Company (LLC)	1,239	10,667
Al Yousuf Motors	431	202
Nasser Bin A A Al Serkal	-	250
Genavco	924	1,854
Oman Refreshments Company Limited	2,949	-
	5,817	27,387
Due from related party*		
Oman Refreshments Company Limited	-	794

* Due from related party is included under Trade and other receivables

	2008 AED'000	2007 AED'000
Due to related parties in respect of purchases*		
Al Tajir Glass Industry	-	5
National Refreshments Company (LLC)	386	760
Oman Refreshments Company Limited	222	1,298
Genavco	924	948
	1,532	3,011

* Due to related parties is included under Trade and other payables

29 Financial instruments by category

Assets at fair value through

Dubai Refreshments (PSC)

Notes to the financial statements for the year ended 31 December 2008 (continued)

	Loans and receivables	**the profit and loss**	**Availabl e for sale**	**Total**
	AED'000	AED'000	AED'000	AED'000
31 December 2008				
Assets as per balance sheet				
Available-for-sale financial assets	-	-	53,437	53,437
Trade and other receivables excluding prepayments1	64,278	-	-	64,278
Financial assets at fair value through profit or loss	-	237	-	237
Cash and cash equivalents	7,129	-	-	7,129
Total	**71,407**	**237**	**53,437**	**125,081**

Prepayments are excluded from trade and other receivables.

	Other financial liabilities at amortised cost	**Total**
31 December 2008	AED'000	AED'000
Liabilities as per balance sheet		
Trade and other payables	74,628	74,628

	Loans and receivables	**Assets at fair value through the profit and loss**	**Available for sale**	**Total**
	AED'000	AED'000	AED'000	AED'000
31 December 2007				
Assets as per balance sheet				
Available-for-sale financial assets	-	-	81,471	81,471
Trade and other receivables excluding prepayments[1]	102,525	-	-	102,525
Financial assets at fair value through profit or loss	-	8,963	-	8,963
Cash and cash equivalents	2,506	-	-	2,506
Total	**105,031**	**8,963**	**81,471**	**195,465**

Prepayments are excluded from trade and other receivables"

29 Financial instruments by category (continued)

	Other financial liabilities at amortised cost	**Total**

	AED'000	AED'000
31 December 2007		
Liabilities as per balance sheet		
Trade and other payables	50,653	50,653
Bank overdrafts	59,235	59,235
Bank borrowings	20,711	20,711
Total	**130,599**	**130,599**

30 Commitments

Capital commitments

The directors have authorised future capital expenditure amounting to AED 44,620,000 (2007: AED 21,489,000).

Operating lease commitment

The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

	2008 AED'000	2007 AED'000
Not later than 1 year	4,596	490
Later than 1 year and not later than 5 years	14,843	1,704
Later than 5 years	66,300	4,180
	85,739	6,374