Dubai Refreshments (P.S.C.)

Financial statements
31 December 2010

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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 DRC.

The past year was another milestone in the history of Dubai Refreshments (PSC). With the help of all our employees and stakeholders, we were able to take the Company forward in the right direction which is being reflected in the tremendous operating results for the year 2010. We almost doubled our profits in the current year, which, in the current scenario, speaks volumes about the dedication and commitment shown by our management and staff. It is pertinent to mention that this could not have been achieved without continuous support and leadership of our directors and shareholders.

Sales Growth

Overall the sales revenue grew in 2010 by 11.5% against a volume growth of 11%. This was ahead of plan by 11%. The improvement in revenue per case was generated through reduction in market discounts coupled with increase in export sales.

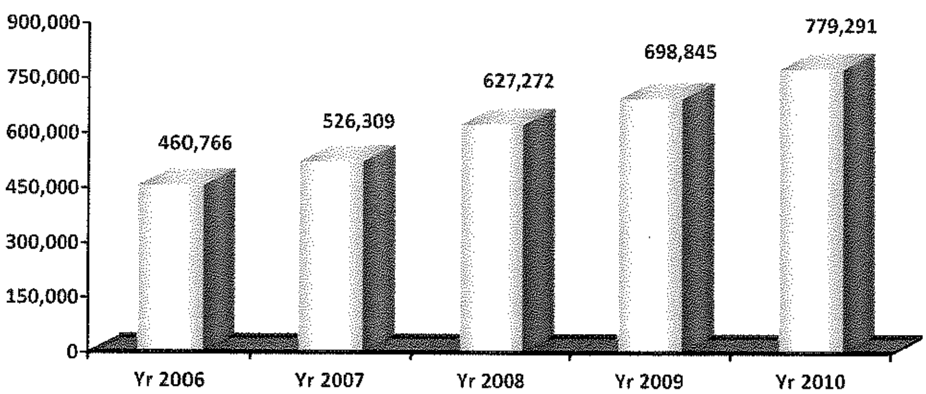
Local Sales:

Local sales revenue grew by 1% driven primarily by improved realization and increased focus on promoting packages with higher sales values. Physical case sales continue to be soft in Dubai and Northern Emirates due to overall softness in the market.

Exports:

In 2010 exports grew 65% vs. 2009 which helped overall DRC business grow in double digits. Export sales were helped by acquisition of new Al Quoz distribution center which raised shipping capacity. Export increases were across the board to existing customers and addition of several new ones.

Revenue Growth Achievement

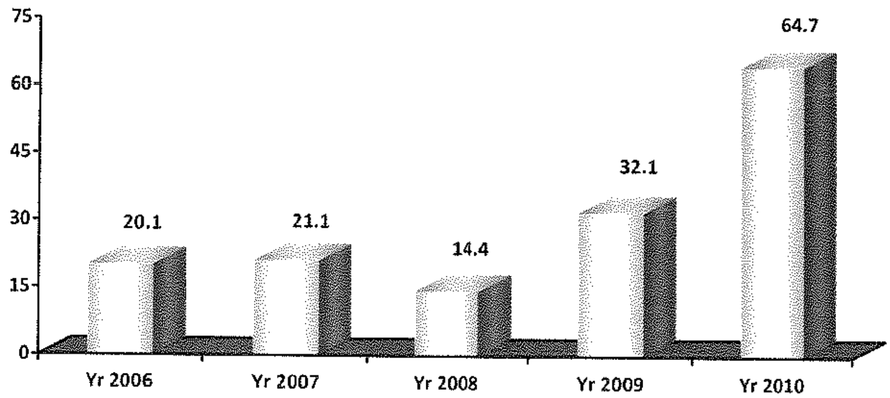


(AED '000)

Profitability

DRC achieved operating profit of AED 60.14 million Vs AED 30.5 million in 2009, a 97% improvement. Total net profit reached 64.7 million (8.3% of net revenue) Vs. AED 32.1 million (4.6% of net revenue) in 2009, a 102% improvement. This is a significant improvement and superb performance in light of continued significant challenges facing the local and international market.

PROFITABILITY

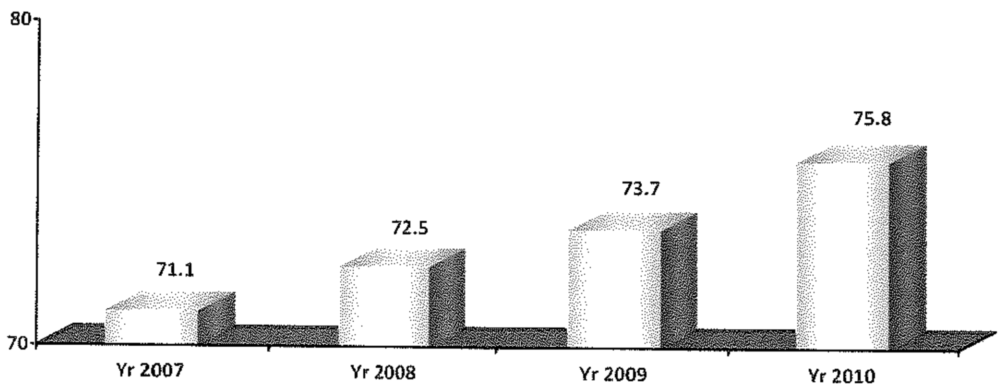


(AED Million)

Market Share

Dubai Refreshments PSC ('DRC') continues to enjoy the majority of the carbonated soft drinks market with average share reaching 75.8%. The share is primarily driven by continued strength of the 7 Up and Mountain Dew brands.

MARKET SHARE GAINS (% to Total)



Despite challenges, DRC was able to achieve substantial improvements in overall revenues, profit, market share and cash flow.

Capital Projects

In order to cater to the warehousing and space requirements in the short term, Company built a new warehouse in Al Quoz, Dubai which will be developed as a central hub to cater local market in Dubai and for all Exports operations. The Company also successfully installed a new plastic bottles (PET) production line, which tripled our production capacity for this growing and profitable package.

From the long term perspective, DRC Board and Management have embarked on a "Greenfield Project" which includes construction of much bigger and a new state of the art manufacturing facility by the Year 2012. We are in process of completing the design phase of the new manufacturing site. The location of the new Greenfield project has been finalized at Dubai Investment Part with a land of approximately 1.4MM sq.ft. In addition to that Management has appointed various internationally renowned consultants for this project during the year.

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 providing us with a business environment and an infrastructure where we can grow and contribute to the UAE 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.

On behalf of the Board,

Vice Chairman
Ahmad Bin Eisa Al Serkal

KPMG

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Independent Auditors' report

The Shareholders
Dubai Refreshments (P.S.C.)

Report on the Financial Statements

We have audited the accompanying financial statements of Dubai Refreshments (P.S.C.) ("the Company"), which comprise the statement of financial position as at 31 December 2010, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. Previous years financial statements of the Company were audited by another firm of auditors whose report dated 4 February 2010 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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 our 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, we consider 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the relevant Articles of the Company and the UAE Federal Law No. 8 of 1984 (as amended).

Report on Other Legal and Regulatory Requirements

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit, that proper financial records have been kept by the Company, a physical count of inventories was carried out by the management in accordance with established principles, and the contents of the Chairman's report which relate to these financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Law and the Articles of Association having occurred during the year ended 31 December 2010, which may have had a material adverse effect on the business of the Company or its financial position.

KPMG
Date: 2 February 2011
Vijendra Nath Malhotra
Registration No: 48 B

Dubai Refreshments (P.S.C.)

Income statement
for the year ended 31 December 2010

	Note	2010 AED'000	2009 AED'000
Revenue		**779,291**	698,847
Cost of sales	*5*	**(577,506)**	(530,770)
Gross profit		**201,785**	168,077
Other operating income	*9*	**3,670**	2,936
Selling and distribution expenses	*6*	**(99,600)**	(98,889)
Administrative and general expenses	*7*	**(42,592)**	(38,530)
Amortisation of intangibles		**(3,120)**	(3,117)
Results from operating activities		**60,143**	30,477
Finance income	*8*	**3,299**	1,361
Finance expense	*8*	**(2,480)**	(1,794)
Dividend income		**2,800**	2,066
Other income		**944**	-
Profit for the year		**64,706**	32,110
Earnings per share			
Basic earnings per share (AED)	*22*	**1.08**	0.54

The notes on pages 11 to 37 are an integral part of these financial statements.

Independent auditors' report is set out on page 4.

Dubai Refreshments (P.S.C.)

Statement of comprehensive income
for the year ended 31 December 2010

	2010 AED'000	2009 AED'000
Profit for the year	**64,706**	32,110
Other comprehensive income:		
Net change in fair value of available for sale investments	**3,188**	3,518
Total comprehensive income for the year	**67,894**	35,628

The notes on pages 11 to 37 are an integral part of these financial statements.

Independent auditors' report is set out on page 4.

Dubai Refreshments (P.S.C.)

Statement of financial position
at 31 December 2010

	Note	2010 AED'000	2009 AED'000
Non-current assets			
Property, plant and equipment	*10*	**137,293**	107,813
Intangible assets	*11*	**38,214**	41,334
Available for sale investments	*12*	**60,143**	56,955
Due from a related party	*17*	-	6,500
		235,650	212,602
Current assets			
Inventories	*13*	**34,166**	38,953
Trade and other receivables	*14*	**61,261**	62,166
Cash at bank and in hand	*15*	**156,670**	80,624
Due from related parties	*17*	**312**	10,247
Fixed deposits under lien		-	10,205
		252,409	202,195
Current liabilities			
Trade and other payables	*16*	**107,098**	91,670
Due to related parties	*17*	**962**	4,628
Short term portion of term loans	*18*	**5,618**	-
Bank overdrafts	*19*	-	8,999
		113,678	105,297
Net current assets		**138,731**	96,898
Non-current portion of term loans	*18*	**(14,116)**	-
Provision for staff terminal benefits	*20*	**(11,545)**	(10,174)
Net assets		**348,720**	299,326
Represented by			
Share capital	*21*	**60,000**	60,000
Statutory reserve	*23*	**30,000**	24,682
General reserve	*24*	**149,241**	7,062
Dividend equalisation reserve	*25*	-	31,962
Plant replacement reserve	*26*	-	45,200
Fair value reserve	*27*	**48,273**	45,085
Retained earnings		**61,206**	85,335
		348,720	299,326

The financial statements was authorised for issue on behalf of the Board of Directors on 02 FEB 2011

Director

Director

The notes on pages 11 to 37 are an integral part of these financial statements.

Independent auditors' report is set out on page 4.

Dubai Refreshments (P.S.C.)

Statement of cash flows

for the year ended 31 December 2010

	2010 AED'000	2009 AED'000
Operating activities		
Profit for the year	**64,706**	32,110
Adjustment for:		
Depreciation	**20,681**	23,958
Amortisation of intangible assets	**3,120**	3,117
(Profit)/loss on disposal of property, plant and equipment	**(45)**	534
Fair value (gain)/loss on financial assets at fair value through profit or loss	**-**	(161)
Gain on disposal of available for sale financial assets	**-**	(134)
Allowance for slow moving inventory	**448**	818
Allowance for doubtful receivables net of reversals	**200**	1,500
Dividend income	**(2,800)**	(2,066)
Director fees	**410**	114
Interest income	**(3,299)**	(1,361)
Interest expense	**1,916**	1,794
Provision for staff terminal benefits	**2,585**	2,117
Operating profit before working capital changes	**87,922**	62,340
Change in inventories	**4,339**	924
Change in trade and other receivables	**705**	4,246
Change in due from related parties	**16,435**	(247)
Change in trade and other payables	**12,928**	18,288
Change in due to related parties	**(3,666)**	2,920
Staff terminal benefits paid	**(1,214)**	(2,106)
Net cash from operating activities	**117,449**	86,365
Investing activities		
Acquisition of property, plant and equipment	**(50,421)**	(21,343)
Proceeds from disposal of property, plant and equipment	**305**	17,443
Proceed from sales of sale of financial assets at fair value	**-**	398
Proceed from disposal of available for sale financial assets	**-**	134
Dividend received	**2,800**	2,066
Interest income received	**3,299**	1,361
Net cash (used in)/from investing activities	**(44,017)**	59
Financing activities		
Term loans availed (net of repayments)	**19,734**	-
Net movement in fixed deposits under lien	**10,205**	(10,205)
Dividend paid	**(15,000)**	(9,000)
Interest expense paid	**(1,916)**	(1,794)
Payment of Director fees	**(1,410)**	(826)
Net cash from/ (used in) financing activities	**11,613**	(21,825)
Net increase in cash and cash equivalents	**85,045**	64,599
Cash and cash equivalents at beginning of the year	**71,625**	7,026
Cash and cash equivalents at end of the year	**156,670**	71,625
These comprise the following:		
Cash at bank and in hand	**156,670**	80,624
Bank overdraft	**-**	(8,999)
Cash and cash equivalents at end of the year	**156,670**	71,625

The notes on pages 11 to 37 are an integral part of these financial statements.

Independent auditors' report is set out on page 4.

Dubai Refreshments (P.S.C.)

Statement of changes in equity
for the year ended 31 December 2010

	Share Capital AED'000	Statutory reserve AED'000	General reserve AED'000	Dividend equalization reserve AED'000	Plant replacement reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2009	60,000	21,471	7,062	31,962	45,200	41,567	66,436	273,698
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	32,110	32,110
Other comprehensive income								
Fair value adjustment on available for sale investment	-	-	-	-	-	3,518	-	3,518
Total comprehensive income for the year	-	-	-	-	-	3,518	32,110	35,628
Transactions with owners of the Company, recorded directly in equity								
Contribution by and distribution to owners of the Company								
Directors' Fees	-	-	-	-	-	-	(1,000)	(1,000)
Transfer to statutory reserve	-	3,211	-	-	-	-	(3,211)	-
Dividend paid	-	-	-	-	-	-	(9,000)	(9,000)
Total contributions by and distribution to owners of the Company	-	3,211	-	-	-	-	(13,211)	(10,000)
At 31 December 2009	**60,000**	**24,682**	**7,062**	**31,962**	**45,200**	**45,085**	**85,335**	**299,326**

The notes on pages 11 to 37 are an integral part of these financial statements.

Dubai Refreshments (P.S.C.)

Statement of changes in equity (continued)

for the year ended 31 December 2010

	Share Capital AED'000	Statutory reserve AED'000	General reserve AED'000	Dividend equalization reserve AED'000	Plant replacement reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2010	60,000	24,682	7,062	31,962	45,200	45,085	85,335	299,326
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	64,706	64,706
Other comprehensive income								
Fair value adjustment on available for sale investment	-	-	-	-	-	3,188	-	3,188
Total comprehensive income for the year	-	-	-	-	-	3,188	64,706	67,894
Transactions with owners of the Company, recorded directly in equity								
Contribution by and distribution to owners of the Company								
Transfer to general reserve	-	-	142,179	(31,962)	(45,200)	-	(65,017)	-
Transfer to statutory reserve	-	5,318	-	-	-	-	(5,318)	-
Dividend paid	-	-	-	-	-	-	(15,000)	(15,000)
Directors' Fee	-	-	-	-	-	-	(3,500)	(3,500)
Total contributions by and distribution to owners	-	5,318	142,179	(31,962)	(45,200)	-	(88,835)	(18,500)
At 31 December 2010	**60,000**	**30,000**	**149,241**	-	-	**48,273**	**61,206**	**348,720**

Shareholders passed a resolution in Annual General Meeting held on 28 February 2010 to transfer the dividend equalisation reserve, plant replacement reserve and part of retained earnings to general reserve.

The notes on pages 11 to 37 are an integral part of these financial statements.

1 Reporting entity

Dubai Refreshments (P.S.C.) ("the Company") is a Public Shareholding Company, incorporated in Dubai in 1959 by a Decree from His Highness, The Ruler of Dubai.

The Company is engaged in bottling and selling of Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of the UAE. 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 UAE. The registered address of the Company is P.O.Box 420, Dubai, United Arab Emirates (UAE).

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

2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the UAE Federal Law No.8 of 1984 (as amended).

b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for available-for-sale financial assets and derivative financial instruments, which are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirhams ("AED") which is the Company's functional currency. All financial information presented in AED has been rounded to the nearest thousand.

d) Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are discussed in note 32.

3 Significant accounting policies

The accounting policies set out below, which comply with IFRSs, have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

Revenue recognition

Revenue represents the invoiced value of goods supplied to customers and is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement with the goods, and the amount of the revenue can be measured reliably.

Finance income and expense

Finance income comprises interest on short term deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses mainly comprise interest on bank borrowings and foreign exchange loss. All borrowing costs are recognised in profit or loss except for those costs that are directly attributable to the acquisition, construction or production of qualifying assets that are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. The capitalisation of borrowing costs commences from the date of incurring the expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Borrowing costs relating to the period after acquisition, construction or production are expensed.

Advertisement and marketing expenses

The Advertisement and marketing expenses are accounted net of amount reimbursed by Pepsi Cola International.

Property, plant and equipment and depreciation

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for its intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchases software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying of the property, plant and equipment, and is recognised net within other income/other expense in profit or loss.

3 Significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of the property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The rates of depreciation are based on the following estimated useful lives:

Assets	**Life (years)**
Buildings	3 - 20
Plant, machinery and equipment	2 - 15
Motor vehicles	3 - 5
Coolers	5
Furniture and fixtures	2

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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.

Inventories

Inventories are measured at the lower of cost and net realizable value, after making due allowance for any obsolete or slow moving items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw materials
The cost of process materials includes insurance, freight and other incidental charges incurred in acquiring the inventories and bringing them to their present location and condition. Valuation of the process material is determined on a weighted average cost basis.

Spares and consumables
Cost is determined on a weighted average cost basis and comprises the purchase cost of such materials.

3 Significant accounting policies (continued)

Inventories (continued)

Finished goods
The cost of finished goods and is arrived at on a weighted average cost basis and includes cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity.

Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets comprise of loans and receivables and available for sale financial assets.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in active markets. Such assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, and due from related parties.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances including fixed deposits with an original maturity of three months or less.

Available for sale financial assets
Available for sale financial assets are non-derivative financial assets that are designated as available for sale and that are not classified in any other categories of financial assets. Subsequent to initial recognition, they are measured at fair value and charges therein, other than impairment losses and foreign currency differences on available for sale equity instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss accumulated in equity is reclassified to profit or loss.

Available for sale financial assets comprise equity securities.

3 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Company's financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company has the following other financial liabilities: loans and borrowings, bank overdrafts, trade and other payables due to related parties.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency exposures on certain bank borrowings. The derivative instruments comprise of forwards foreign exchange contract.

On initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognized initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3 Significant accounting policies (continued)

Financial instruments (continued)

iii) Derivative financial instruments

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the affective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedges item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Impairment

i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Company, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3 Significant accounting policies (continued)

Impairment (continued)

i) Non-derivative financial assets (continued)

Loans and receivables (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired assets continued to be recognised.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available for sale equity security is recognised in other comprehensive income.

ii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit (CGU) exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Impairment losses are recognized in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense.

3 Significant accounting policies (continued)

Staff terminal benefits

For employees eligible for the UAE National Pension Plan, the Company recognizes employer's contributions on an accrual basis determined in accordance with the National Pension and Social Security Law.

For all other employees, the provision for staff terminal benefits is calculated in accordance with the provisions of the UAE Labour Law and is based on the liability that would arise if the employment of all staff were to be terminated at the reporting date.

Operating leases - as lessee

Leases of assets under which the lessor effectively retains all the risks and rewards of ownership are classified as operating leases. Payments made under operating lease are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated to AED at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to AED at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to AED at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments, which are recognized in other comprehensive income.

Earnings per share

The Company presents basic earnings per share (EPS) data for its shares. Basic EPS is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Weighted average number of shares outstanding is retrospectively adjusted to include the affect of any increase in the number of shares without a corresponding change in resources.

3 Significant accounting policies (continued)

New standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these financial statements:

- IAS 24 (Revised) - *Related Party Disclosures:* The revised IAS 24 *Related Party Disclosures* amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The Company is currently in the process of evaluating the potential effect of this standard. The amendment becomes effective for annual periods beginning on or after 1 January 2011; and

- *IFRS 9 Financial instruments: Classification and measurement (issued in November 2009)*: The Board issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and subsequently measures the financial assets as either at amortized cost or fair value. The new standard is mandatory for annual periods beginning on or after 1 January 2013. The Company is currently in the process of evaluating the potential effect of this standard.

4 Financial risk management

The Board of the Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular and reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is mainly attributable to trade receivables, amounts due from related parties and cash at bank.

4 Financial risk management (continued)

Credit risk (continued)

Trade receivables

The Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery term and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring specific management approval. These limits are reviewed on an ongoing basis.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. The Company does not have significant exposure to any individual customer or counter-party that has not otherwise been mitigated.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for company of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash at bank

The Company's cash is placed with the banks of good repute.

Due from related parties

Amounts due from related parties are considered fully recoverable and there has been no default in past.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk mainly relates to trade and other payables, due to related parties and bank borrowings. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

4 Financial risk management (continued)

Market risk (continued)

Currency risk

The Company is exposed to currency risk on foreign bank borrowings and short tern bank deposits that are denominated in a currency other than the functional currency of the Company. The currencies in which these transactions are primarily denominated are Euro (Eur). In respect of the Company's transactions denominated in US Dollars (USD), the Company is not exposed to the currency risk as AED is currently pegged to the USD.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by matching the timing of its receipts and payments denominated in foreign currencies.

Interest rate risk

Interest rate risk is the risk that value of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure on borrowings is subject to change in the EIBOR and EURIBOR.

Other market price risk

Equity price risk arises from available-for sale equity securities. Investments within the portfolio are managed on an individual basis and buy and sell decisions are approved by the risk management committee. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of portfolio is done in accordance with the limits set by the Company. 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.

Capital management

The Company's policy is to maintain a strong capital base to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages of security afforded by a sound capital position. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders and return on capital to shareholders.

The Company has borrowing arrangements with certain banks which has certain conditions. Apart from these requirements and requirements of certain provisions of the UAE Federal Law No. 8 of 1984 (as amended), the Company is not subject to externally imposed capital requirements.

5 Cost of sales

	2010 AED'000	2009 AED'000
Raw material consumption	**536,192**	488,869
Staff costs	**11,537**	12,343
Depreciation (refer note 10)	**10,275**	10,185
Others	**19,502**	19,373
	577,506	530,770

6 Selling and distribution expenses

	2010 AED'000	2009 AED'000
Staff costs	**37,607**	37,595
Advertisement and marketing expenses	**28,509**	26,181
Rental charges	**17,445**	13,149
Depreciation (refer note 10)	**7,561**	11,190
Fleet expenses	**5,450**	6,336
Allowance for doubtful debts	**1,000**	1,500
Export related expenses	**838**	1,221
Others	**1,190**	1,717
	99,600	98,889

7 Administrative and general expenses

	2010 AED'000	2009 AED'000
Staff costs	**23,484**	20,258
Building maintenance expenses	**1,868**	1,591
Office utilities	**8,645**	9,310
Depreciation (refer note 10)	**2,845**	2,583
Professional charges	**995**	1,782
Rental charges	**1,494**	1,316
Bank charges	**1,839**	1,096
Others	**1,422**	594
	42,592	38,530

8 Finance income and expenses

	2010 AED'000	2009 AED'000
Interest income on short term deposits	**3,299**	1,361
Finance Income	**3,299**	1,361
Interest expense on bank borrowings	**(1,916)**	(1,794)
Exchange loss on foreign currency revaluation	**(564)**	-
Finance expenses	**(2,480)**	(1,794)
Net finance income/(expense)	**819**	(433)

9 Other operating income

Other operating income represents performance incentives given to the Company by Pepsi Cola International.

Dubai Refreshments (P.S.C.)

Notes *(continued)*

10 Property, plant and equipment

	Buildings AED'000	Plant, machinery and equipment AED'000	Motor Vehicle AED'000	Coolers AED'000	Furniture and Fixtures AED'000	Capital-Work-in progress AED'000	Total AED'000
Cost							
At 1 January 2009	46,314	115,140	28,311	87,029	4,297	-	281,091
Transfers	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 31 December 2009	48,621	116,108	783	90,294	4,439	6,278	266,523
At 1 January 2010	48,621	116,108	783	90,294	4,439	6,278	266,523
Additions	-	2,951	-	4,240	370	42,860	50,421
Transfers	1,143	33,164	(104)	-	122	(34,325)	-
Disposals	-	(1,045)	(679)	(2,053)	(51)	-	(3,828)
At 31 December 2010	49,764	151,178	-	92,481	4,880	14,813	313,116
Accumulated depreciation							
At 1 January 2009	19,194	53,321	17,779	68,715	4,068	-	163,077
Transfers	1,000	(1,809)	-	-	(200)	-	(1,009)
Charge for the year	2,544	10,370	2,341	8,420	283	-	23,958
Disposal	(226)	(5,148)	(19,675)	(2,181)	(86)	-	(27,316)
At 31 December 2009	22,512	56,734	445	74,954	4,065	-	158,710
At 1 January 2010	22,512	56,734	445	74,954	4,065	-	158,710
Charge for the year	2,199	10,987	31	7,021	443	-	20,681
On disposals	-	(1,032)	(476)	(2,012)	(48)	-	(3,568)
At 31 December 2010	24,711	66,689	-	79,963	4,460	-	175,823
Net book value							
At 31 December 2010	**25,053**	**84,489**	-	**12,518**	**420**	**14,813**	**137,293**
At 31 December 2009	26,109	59,374	338	15,340	374	6,278	107,813

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

ii) 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.

iii) Capital work in progress mainly pertains to the construction of warehouse and new office building and production facility (refer note 29)

iv) Plant and machinery valuing AED 5.5 million has been assigned in favour of a bank (refer note 18).

10 Property, plant and equipment (continued)

The depreciation charge for the year has been allocated as follows;

	2010 AED'000	2009 AED'000
Cost of sales (refer note 5)	**10,275**	10,185
Selling and distribution expenses (refer note 6)	**7,561**	11,190
Administrative and general expenses (refer note 7)	**2,845**	2,583
	20,681	23,958

11 Intangible Assets

	2010 AED'000	2009 AED'000
Balance at 1 January	**41,334**	44,451
Less: amortisation expense	**(3,120)**	(3,117)
Balance at 31 December	**38,214**	41,334

Intangible assets include 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.

12 Available for sale investments

	2010 AED'000	2009 AED'000
Balance as at 1 January	**56,955**	53,437
Add: Fair value gain	**3,188**	3,518
Balance as at 31 December	**60,143**	56,955

There was no impairment provision on available-for-sale investments in 2010 and 2009.

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 527,076 shares *(2009: 479,160)* of Etisalat with a carrying amount of AED 5,692,421 *(2009: 5,270,760)* and cost of AED 827,120 *(2009: 827,120)*, which are held in the name of late Mr. Humaid Al Owais in trust and for the benefit of the Company. These shares are in the process of being transferred in name of a Director of the Company who will hold these shares in trust and for the beneficial interest of the Company. Available-for-sale financial assets are denominated in the following currencies:

	2010 AED'000	2009 AED'000
UAE Dirhams	**37,274**	32,706
Omani Riyals	**22,869**	24,249
Balance as at 31 December	**60,143**	56,955

Dubai Refreshments (P.S.C.)

Notes *(continued)*

13 Inventories

	2010 AED'000	2009 AED'000
Raw materials and consumable	**14,686**	18,033
Finished goods	**16,590**	14,376
Spare parts and supplies	**4,756**	4,296
	36,032	36,705
Less: Provision for slow moving inventory	**(1,866)**	(1,418)
	34,166	35,287
Goods in transit	**-**	3,666
	34,166	38,953

14 Trade and other receivables

	2010 AED'000	2009 AED'000
Trade receivables	**50,058**	53,101
Less: Impairment losses	**(3,226)**	(3,026)
	46,832	50,075
Other receivables	**11,049**	9,082
Prepaid expenses	**3,380**	3,009
	61,261	62,166

15 Cash and cash equivalents

	2010 AED'000	2009 AED'000
Cash in hand	**415**	632
Cash at bank-		
Current accounts	**25,252**	137
Short-term deposits	**131,003**	79,855
	156,670	80,624

Short-term deposits represent fixed deposits placed with banks for maturity upto three months from the date of placement and earn interest ranging from 1.1% to 3.5% per anum *(2009: 1.6% to 3.5% per anum)*. Term deposit of AED 40 million is hypothecated to a bank against bank borrowings.

16 Trade and other payables

	2010	2009
	AED'000	AED'000
Trade payable	**59,060**	58,514
Accrued expenses	**22,130**	15,460
Accrual for staff costs	**9,978**	10,819
Other payables	**15,930**	6,877
	107,098	91,670

17 Related party transactions and balances

The Company, in the ordinary course of business, carries out transactions with business enterprises that fall within the definition of related parties as contained in International Accounting Standard 24. These transactions mainly comprise purchases of goods and services in the normal course of business and are carried at agreed terms.

Significant transactions entered with related parties are as follows:

	2010	2009
	AED'000	AED'000
Sales to a related party	**8,191**	5,524
Purchases from related parties	**6,017**	15,787

Directors' remuneration:

	2010	2009
	AED'000	AED'000
Directors' fee	**3,500**	1,000
Directors' sitting fees	**410**	114

Compensation to key management personnel is as follows:

	2010	2009
	AED	AED
Salaries and other short-term benefits	**8,140**	5,400
Pension and end of service benefits	**385**	200

17 Related party transactions and balances (continued)

Due from related parties

	2010 AED'000	2009 AED'000
Jeema Mineral Water (P.S.C.)	-	10,000
Oman Refreshments Company Limited	**312**	247
	312	10,247

Long term receivable from a related party

Jeema Mineral Water (P.S.C.)	-	6,500

Due to related parties

	2010 AED'000	2009 AED'000
Jeema Mineral Water (P.S.C.)	**962**	4,592
Al Tajir Glass Industry	-	36
	962	4,628

18 Term loans

	2010 AED'000	2009 AED'000
Term loans availed (net of repayment)	**19,734**	-
Less: current portion of term loans	**(5,618)**	-
Non current portion	**14,116**	-

During the current year the Company obtained three term loans denominated in Euros to finance the purchase and installation of new plant and machinery. These loans will be repaid over the term of 3-5 years and carries interest at 6 months EURIBOR plus 1.85% per anum.

Plant and machinery valuing AED 5.5 million has been assigned in favour of a bank (refer note 10).

19 Bank overdrafts

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of statement of cash flows and it is repayable on demand, forms an integral part of Company's cash management. The overdrafts are unsecured and carry an interest rate of EIBOR plus 2.5% per anum with a minimum rate of 6% per anum.

20 Provision for staff terminal benefits

	2010 AED'000	2009 AED'000
Balance at 1 January	**10,174**	10,338
Charge for the year	**2,585**	2,117
Transfer to a related party	**-**	(175)
Payments made during the year	**(1,214)**	(2,106)
Balance at 31 December	**11,545**	10,174

21 Share Capital

	2010 AED'000	2009 AED'000
Authorised, issued and fully paid		
60,000,000 shares of AED 1	**60,000**	60,000
	60,000	60,000

22 Earnings per share

Basis earnings per share is calculated by dividing the profit attributing to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010 AED'000	2009 AED'000
Profit attributable to equity holders of the Company	**64,706**	32,110
Weighted average number of ordinary shares	**60,000**	60,000
Basic earnings per share	**1.08**	0.54

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 dilute ordinary shares.

23 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 5.3 million *(2009: AED 3.2 million)* has been transferred to the statutory reserve.

24 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 66 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.

Shareholders passed a resolution in Annual General Meeting held on 28 February 2010 to transfer the dividend equalisation reserve, plant replacement reserve and part of retained earnings to general reserve.

25 Dividend equalisation reserve

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

Shareholders passed a resolution in Annual General Meeting held on 28 February 2010 to transfer the dividend equalisation reserve to general reserve.

26 Plant replacement reserve

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

Shareholders passed a resolution in Annual General Meeting held on 28 February 2010 to transfer the plant replacement reserve general reserve.

27 Fair value reserve

The fair value represents the unrealised gains and losses arising from changes in the fair value for available-for-sale financial assets which are recognised in other comprehensive income and hence in fair value reserve in equity until the investments is sold, collected or otherwise disposed of, until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement. During the year an unrealised gain of AED 3.1 million was credited to other comprehensive income *(2009: AED 3.5 million)*.

28 Operating lease commitments

The Company's leases land, staff accommodations, office and warehouse premises under operating lease. The leases typically run for a period of 1 year to 30 years with an option to renew the lease after that date. The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

	2010	2009
	AED'000	AED'000
Less than 1 year	**16,214**	16,948
Later than 1 year and no later than 5 years	**30,975**	40,015
Later than 5 years	**28,368**	63,628

29 Contingent liabilities and capital commitments

	2010	2009
	AED'000	AED'000
Bank guarantees	**3,393**	3,393
Capital commitments	**399,335**	12,351

Capital commitments mainly pertains to approved expenditure of AED 392 million on office and plant facility (Greenfield project) at Dubai Investment Park.

30 Segment reporting

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

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

a) *Information about geographical segments*

During the year ended 31 December 2010, revenue from customers located in the Company's country of domicile (UAE) was AED 592 million *(year ended 31 December 2009: AED 589 million)* and revenue from customers outside UAE (foreign customers) was AED 187 million *(year ended 31 December 2009: AED 110 million).*

31 Financial instruments

Exposure to credit risk, liquidity risk, interest rate risk and market risk arises in the normal course of business of the Company's business.

a) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010 AED'000	2009 AED'000
Trade and other receivables (excluding prepayments)	**57,881**	59,157
Due from related parties	**312**	16,747
Cash at bank	**156,255**	79,992
	214,448	155,896

Impairment losses

The ageing of trade receivables at the reporting date was:

In AED '000

	31 December 2010		31 December 2009	
	Gross	**Impairment**	Gross	Impairment
Not past due	**41,750**	**-**	44,430	-
Past due 0-180 days	**5,100**	**68**	5,771	276
Past due 181-365 days	**100**	**50**	300	150
More than one year	**3,108**	**3,108**	2,600	2,600
	50,058	**3,226**	53,101	3,026

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2010 AED' 000	2009 AED' 000
At 1 January	**3,026**	5,964
Add: Impairment loss during the year	**1,000**	1,500
Less: Write offs and reversals	**(800)**	(4,438)
At 31 December	**3,226**	3,026

The exposure to credit risk on these trade receivables is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. Based on historical default rates and assessment of specific outstanding balances, the Company believes that no further provision is necessary in respect of outstanding trade receivables. Management believes that amounts due from related parties are fully recoverable.

31 Financial instruments (continued)

(b) Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

31 December 2010

In AED 000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	**103,598**	**103,598**	**103,598**	-	-	-	-
Due to the related parties	**962**	**962**	**962**			-	-
Term loans	**19,734**	**20,985**	**3,135**	**3,107**	**6,163**	**8,580**	-
	124,294	**125,545**	**107,695**	**3,107**	**6,163**	**8,580**	-

31 December 2009

In AED 000	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	91,670	91,670	91,670	-	-	-	-
Due to the related parties	4,628	4,628	4,628	-	-	-	-
Bank overdrafts	8,999	9,269	9,269	-	-	-	-
	105,297	105,567	105,567	-	-	-	-

(c) Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount 2010 AED' 000	2009 AED' 000
Fixed rate instruments		
Short term deposits	**131,003**	90,060
Bank borrowings	**3,378**	-
	134,381	90,060
Variable rate instruments		
Bank borrowings	**16,356**	8,999

31 Financial instruments (continued)

(c) Interest rate risk (continued)

Fair value sensitivity analysis for fixed interest rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for variable interest rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by AED 163,560 *(2009: AED 89,990)*. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(d) Currency risk

Exposure to currency risk

The Company's exposure to foreign currency risk (EUR) is as follows:

	2010 **AED'000**	2009 AED'000
Term loans	**(19,734)**	-
Short term deposits	**5,311**	-
Net exposure	**(14,423)**	

The following significant exchange rates applied during the year and at the reporting date:

	Average rate		**Reporting date spot rate**	*In AED*
	2010	2009	**2010**	2009
Euro 1	**4.892**	5.106	**4.8664**	5.2632

Sensitivity analysis

A 10 percent strengthening of the AED against the following currencies at 31 December 2010 would have increased/ (decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in AED'000	**Profit or loss** **2010** **AED' 000**	 2009 AED'000
Euro	**1,442**	-

31 Financial instruments (continued)

(d) Currency risk (continued)

A 10 percent weakening of the AED against the above currencies at would have had the equal but opposite effect to the amounts shown above on the basis that all the other variables remain constant.

In each of the above cases the impact on equity would be the same values as the above amounts. Exchange rate fluctuations are closely monitored by management.

(e) Equity price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position as available for sale. The Company's investments in equity of other entities are publicly traded and are listed in Muscat Securities Market, Dubai Financial Market and Abu Dhabi Securities Market.

Sensitivity analysis

The following table demonstrates the sensitivity of the Company's equity and profit or loss to a 10 percent change in the price of its equity holdings, assuming all other variables in particular foreign currency rates remain constant.

	Effect on profit or loss AED'000	Effect on equity AED'000
31 December 2010		
Effect of changes in quoted equity portfolio of the Company	-	**6,014**
31 December 2009		
Effect of changes in quoted equity portfolio of the Company	-	**5,696**

A 10 percent weakening of the equity indexes against as at 31 December would have had the equal but opposite effect to the amounts shown above on the basis that all the other variables remain constant.

For quoted securities, change in price will not have any effect on profit or loss as these investments are available for sale. Any gain or loss arising on fair valuation on available for sale investments is recognized directly in equity.

(f) Fair value

The fair value of the Company's financial assets and liabilities approximates their carrying values.

31 Financial instruments (continued)

(f) Fair value (continued)

Basis for determining fair values

Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2010 ***In thousands of AED***	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale investments	**60,143**	-	-	60,143

2009 *In thousands of AED*	**Level 1**	**Level 2**	**Level 3**	**Total**
Available for sale investments	56,955	-	-	56,955

32 Accounting estimates and judgments

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the future years mainly comprise on the following:

a) *Impairment losses on trade receivables*

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(b) *Provision for inventory obsolescence*

The Company reviews its inventories to assess losses on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for inventory obsolescence is made where the net realizable value is less than cost based on best estimates by the management. The provision for inventory obsolescence is based on the expiry dates of inventories, the Company's arrangements with its suppliers to replace expired goods, ageing and past movement of the inventory.

32 Accounting estimates and judgments (continued)

(c) Estimating useful lives of property, plant and equipment and investment property

The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.