



Date: 22 February 2015
Ref: LG_LTR_016_2015

To,
Hassan Abdulrahman Al Serkal,
Director - Listing & Disclosure,
Dubai Financial Market,
Dubai – U.A.E.

التاريخ: 22 فبراير 2015



المرجع: LG_LTR_016_2015

السيد/ حسن عبد الرحمن السركال
نائب رئيس التنفيذ - رئيس تنفيذي العمليات
رئيس قطاع العمليات
سوق دبي المالي
دبي – الإمارات العربية المتحدة



Audited Financial Results for the full year of
2014

الموضوع : التدقيق الرسمي عن العام 2014



Dubai Refreshments Company (DRC) is pleased to announce its **AUDITED** financial results for the full year of 2014, issued by the External Auditors, who were appointed by the General Assembly as per the rules, noting that the Audited Financial Results will be submitted to the shareholders at the General Assembly for 2015.

يسر شركة دبي للمرطبات (ش.م.ع.) أن تعلن عن التدقيق المبدئي الرسمي للبيانات المالية عن كامل العام 2014 الصادر عن مدقي الحسابات المعينين من قبل الجمعية العمومية السنوية، إذ ان التدقيق المشار اليه سوف يتم عرضه على المساهمين في الجمعية العمومية العادية للعام 2015.



Many Thanks,

Tarek ElSakka
Chief Executive Officer



طارق السقا
الرئيس التنفيذي



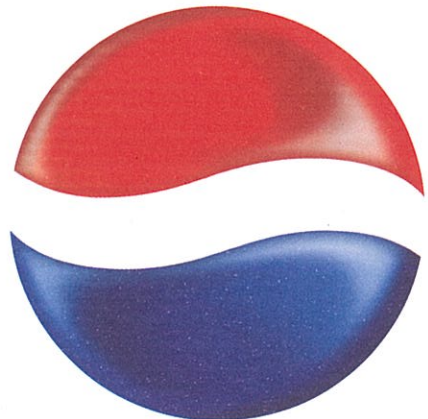
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Paid up Capital AED 90,000,000



جائزة دبي التقديرية للجودة
DUBAI QUALITY APPRECIATION AWARD

جائزة محمد بن راشد آل مكتوم للأعمال
MOHAMMED BIN RASHID AL MAKTOUM BUSINESS AWARD
AN INITIATIVE BY DUBAI CHAMBER OF COMMERCE & INDUSTRY



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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2014

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DUBAI REFRESHMENTS (P.J.S.C.)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dubai Refreshments (P.J.S.C.) (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Company and of the UAE Commercial Companies Law of 1984 (as amended), and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate for 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 consolidated 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 SHAREHOLDERS OF
DUBAI REFRESHMENTS (P.J.S.C.) (continued)**

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2014 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the consolidated financial statements include, in all material respects, the applicable requirements of the UAE Commercial Companies Law of 1984 (as amended) and of the articles of association of the Company; proper books of account have been kept by the Company; an inventory was duly carried out; and the contents of the report of the Board of Directors relating to these consolidated financial statements are consistent with the books of account. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Ernst & Young



Signed by
Joseph Murphy
Partner
Registration No. 492

15 February 2015

Dubai, United Arab Emirates

Dubai Refreshments (P.J.S.C.)
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED '000</i>	<i>2013</i> <i>AED '000</i>
Sales		985,099	891,906
Cost of sales		<u>(630,173)</u>	<u>(589,456)</u>
GROSS PROFIT		354,926	302,450
Other operating income		1,617	10,392
Selling and distribution expenses		(158,208)	(135,722)
General and administrative expenses		(60,125)	(57,647)
Amortisation of intangible assets	6	<u>(7,377)</u>	<u>(4,343)</u>
OPERATING INCOME		130,833	115,130
Finance income		1,004	2,290
Finance expense		(466)	(1,127)
Dividend income		6,780	6,770
Other income / (expense), net		1,618	(1,961)
Gain on sale of available-for-sale investments		<u>568</u>	<u>1,881</u>
PROFIT FOR THE YEAR	4	<u>140,337</u>	<u>122,983</u>
Earnings per share in AED	18	<u>1.52</u>	<u>1.33</u>

The attached notes 1 to 28 form part of these consolidated financial statements.

Dubai Refreshments (P.J.S.C.)
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED '000</i>	<i>2013</i> <i>AED '000</i>
Profit for the year		<u>140,337</u>	<u>122,983</u>
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Change in fair value of available-for-sale investments	7	(10,273)	2,610
Gain on sale of available-for-sale investments recognised in income statement		(568)	(1,881)
		<u>(10,841)</u>	<u>729</u>
Change in fair value of cash flow hedges	25	900	(493)
Other comprehensive income for the year		<u>(9,941)</u>	<u>236</u>
Total comprehensive income for the year		<u><u>130,396</u></u>	<u><u>123,219</u></u>

The attached notes 1 to 28 form part of these consolidated financial statements.


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

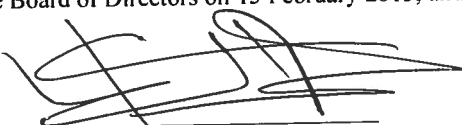
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 AED '000	2013 AED '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	564,387	405,814
Intangible assets	6	45,664	52,451
Available-for-sale investments	7	165,626	176,467
		<u>775,677</u>	<u>634,732</u>
Current assets			
Inventories	8	70,867	75,286
Trade and other receivables	9	104,644	92,235
Advances to Greenfield contractors and suppliers		40,456	92,326
Bank balances and cash	10	188,004	208,799
		<u>403,971</u>	<u>468,646</u>
TOTAL ASSETS		<u><u>1,179,648</u></u>	<u><u>1,103,378</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	90,000	90,000
Statutory reserve	13	45,000	45,000
General reserve	14	407,665	342,182
Fair value reserve	15	134,543	145,384
Cash flow hedge reserve		(719)	(1,619)
Retained earnings		136,837	119,483
Total equity		<u>813,326</u>	<u>740,430</u>
Non-current liabilities			
Employees' end of service benefits	17	19,687	16,679
Non-current portion of term loans	20	150,013	116,966
		<u>169,700</u>	<u>133,645</u>
Current liabilities			
Trade and other payables	11	149,418	186,179
Current portion of term loans	20	47,204	33,281
Bank overdraft	10	-	9,843
		<u>196,622</u>	<u>229,303</u>
Total liabilities		<u>366,322</u>	<u>362,948</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,179,648</u></u>	<u><u>1,103,378</u></u>

The consolidated financial statements have been approved by the Board of Directors on 15 February 2015, and signed on their behalf by:


Mr. Abdulla Mohamed Al Huraiz
 Director
 15 February 2015


Mr. Ahmad Bin Eisa Alserkal
 Chairman
 15 February 2015

The attached notes 1 to 28 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Fair value reserve AED '000	Cash flow hedge reserve AED '000	Retained earnings AED '000	Total AED '000
Balance as of 31 December 2013	90,000	45,000	342,182	145,384	(1,619)	119,483	740,430
Profit for the year	-	-	-	-	-	140,337	140,337
Other comprehensive income for the year	-	-	-	(10,841)	900	-	(9,941)
Total comprehensive income for the year	-	-	-	(10,841)	900	140,337	130,396
Dividends paid (Note 16)	-	-	-	-	-	(54,000)	(54,000)
Transfer to general reserve (Note 14)	-	-	65,483	-	-	(65,483)	-
Directors' fees (Note 11)	-	-	-	-	-	(3,500)	(3,500)
Balance as of 31 December 2014	90,000	45,000	407,665	134,543	(719)	136,837	813,326

In accordance with the Ministry of Economy interpretation of Article 118 of Commercial Companies Law No.8 of 1984, Directors' fees have been treated as an appropriation from equity.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2014

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Fair value reserve AED '000	Cash flow hedge reserve AED '000	Retained earnings AED '000	Total AED '000
Balance as of 1 January 2013	90,000	45,000	226,403	144,655	(1,126)	160,779	665,711
Profit for the year	-	-	-	-	-	122,983	122,983
Other comprehensive income for the year	-	-	-	729	(493)	-	236
Total comprehensive income for the year	-	-	-	729	(493)	122,983	123,219
Dividends paid (Note 16)	-	-	-	-	-	(45,000)	(45,000)
Transfer to general reserve (Note 14)	-	-	115,779	-	-	(115,779)	-
Directors' fees (Note 11)	-	-	-	-	-	(3,500)	(3,500)
Balance as of 31 December 2013	90,000	45,000	342,182	145,384	(1,619)	119,483	740,430

The attached notes 1 to 28 form part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>AED '000</i>	<i>2013</i> <i>AED '000</i>
OPERATING ACTIVITIES			
Profit for the year		140,337	122,983
Adjustments for:			
Depreciation	5	20,980	19,373
Amortisation of intangible assets	6	7,377	4,343
(Gain) / loss on disposal of property, plant and equipment		(128)	3,177
Finance expense		466	1,127
Finance income		(1,004)	(2,290)
Dividend income		(6,780)	(6,770)
Gain on sale of available-for-sale investments		(568)	(1,881)
Provision for employees' end of service benefits	17	4,590	2,253
		<u>165,270</u>	<u>142,315</u>
Working capital changes:			
Inventories		4,419	(14,543)
Trade and other receivables		(12,409)	(18,386)
Trade and other payables		(33,923)	10,910
		<u>123,357</u>	<u>120,296</u>
Employees' end of service benefits paid	17	(1,582)	(1,245)
Net cash from operating activities		<u>121,775</u>	<u>119,051</u>
INVESTING ACTIVITIES			
Additions to intangible assets	6	(590)	(24,820)
Additions to property, plant and equipment	5	(169,955)	(172,906)
Proceeds from disposal of property, plant and equipment		140	459
Advances to Greenfield contractors and suppliers		51,870	(42,815)
Proceeds from sale of available-for-sale investment		568	10,959
Dividend income received		6,780	6,770
Finance income received		1,004	2,290
Amount paid for the conversion of land to freehold		(11,548)	(11,548)
Net cash used in investing activities		<u>(121,731)</u>	<u>(231,611)</u>
FINANCING ACTIVITIES			
Proceeds from term loans		62,494	92,077
Repayment of term loans		(15,524)	(12,180)
Dividends paid	16	(54,000)	(45,000)
Directors' fees		(3,500)	(3,500)
Finance expense paid		(466)	(1,127)
Net cash (used in) /from financing activities		<u>(10,996)</u>	<u>30,270</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,952)	(82,290)
Cash and cash equivalents at 1 January		<u>198,956</u>	<u>281,246</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	<u>188,004</u>	<u>198,956</u>

The attached notes 1 to 28 form part of these financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

1 ACTIVITIES

Dubai Refreshments (P.J.S.C) (the "Company") was incorporated in Dubai in 1959 by a Decree issued by 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 of 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 7Up and Aquafina bottling and selling rights for the whole of the UAE.

The Company is also the holding company for Emirates International Food Holdings Inc. (the "Subsidiary"), a limited liability company registered in the British Virgin Islands. The Subsidiary did not carry out any operations during the year. The Company and its subsidiary together are referred to as the "Group".

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been presented in U.A.E. Dirhams, which is the functional and reporting currency of the Group, rounded to the nearest thousand (AED '000), except when otherwise indicated.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of available-for-sale investments and derivative financial instruments.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise those of Dubai Refreshments Company (PSJC) ("parent company") and its subsidiary (collectively the "Group"). The consolidated financial statements incorporate the financial statements of the Company and its subsidiary for the year ended 31 December each year.

A subsidiary is an entity over which the Group has all the following:

- Power over the investee - the Group has existing rights that give it the current ability to direct the activities that significantly affect the investee's returns;
- Exposure, or rights, to variable returns from its involvement with the subsidiary; and,
- The ability to use its power over the investee to affect the amount of the Group's returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.2 BASIS OF CONSOLIDATION (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective as of 1 January 2014:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – Exception to the Consolidation Requirement for Investment Entities
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 Financial Instruments: Presentation
- Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets
- Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 21 Levies
- Annual Improvements 2010-2012 Cycle:
 - Amendments to IFRS 13 Fair Value Measurement – Immaterial Effect of Discounting of Short-Term Receivables and Payables
- Annual Improvements 2011-2013 Cycle:
 - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Application of a Current Standard or a New Standard that is not yet Mandatory

The adoption of the above standards or interpretation did not have any material impact on the consolidated financial statements of the Group.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective are disclosed below. These standards and interpretations will become effective for annual periods beginning on or after the dates as respectively mentioned there against. The Group intends to adopt these standards, if applicable, when they become effective.

- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (1 January 2016)
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions (1 July 2014)
- Annual Improvements 2010-2012 Cycle (1 July 2014), includes:
 - IFRS 2 Share-based Payment
 - IFRS 3 Business Combinations
 - IFRS 8 Operating Segments
 - IAS 16 Property, Plant and Equipment
 - IAS 38 Intangible Assets
 - IAS 24 Related Party Disclosures
- Annual Improvements 2011-2013 Cycle (1 July 2014), includes:
 - IFRS 3 Business Combinations
 - IFRS 13 Fair Value Measurement
 - IAS 40 Investment Property
- IFRS 15 Revenue from Contracts with Customers (1 January 2017)
- Amendments to IFRS 11 Joint Arrangements (1 January 2016)
- Amendments to IAS 16 Property, Plant and Equipment (1 January 2016)
- Amendments to IAS 38 Intangible Assets (1 January 2016)
- Amendments to IAS 41 Agriculture (1 January 2016)
- Amendments to IAS 27 (1 January 2016)

These standards, interpretations and improvements are not expected to have a material impact on the consolidated financial statements of the Group.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Fair value measurement

The Group measures financial instruments, such as derivatives and available for sale at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Sale incentives

The Group receives sale incentives on its export sales based on volumes sold and agreed rates. These incentives are recognised when related export sales are recognised.

Interest income

Interest income is recognised as the interest accrues.

Dividend income

Dividend income is recognised when the Group's right to receive the dividend payment is established.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

Buildings	3 to 20 years
Plant, machinery and equipment	2 to 15 years
Motor vehicles	3 to 5 years
Coolers and vending machines	5 years
Furniture and fixtures	2 years

Land and capital work-in-progress are not depreciated.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated income statement as the expense is incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less cost to sell and their value in use.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated income statement in the period the asset is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

As at 31 December 2014, the Group capitalised borrowing costs amounting to AED 11,702 thousand (2013: AED 6,328 thousand).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated on a straight line basis over the assets' estimated useful lives as follows:

Franchise and bottling rights	20 years
Lease rights	20 years
Software	5 years

Impairment of non-financial assets

At each reporting date the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

Available-for-sale investments

Available-for-sale investments are recognised and derecognised, on a trade date basis, when the Group becomes, or ceases to be, a party to the contractual provisions of the instrument.

Investments designated as available-for-sale investments are initially recorded at cost and subsequently measured at fair value, unless this cannot be reliably measured. Changes in fair value are reported as a separate component of equity. Upon impairment any loss, or upon derecognition any gain or loss, previously reported as "fair value reserve" within equity is included in the consolidated income statement for the year.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts, if any.

Impairment and uncollectibility of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is an objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If such evidence exists, any impairment loss is recognised in the consolidated income statement.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets (continued)

Impairment is determined as follows:

- a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the consolidated income statement;
- b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those incurred in bringing each product to its present location and condition, as follows:

Raw materials – purchase cost on weighted average basis;

Spares and consumables – purchase cost on weighted average basis;

Finished goods – cost of direct materials and direct labour plus an appropriate share of production overheads based on normal operating capacity and is determined on weighted average basis.

Net realisable value is based on the estimated selling price less any further costs expected to be incurred on disposal. Damaged and obsolete inventories are written off.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Group receives a non-monetary grant, the asset and the grant are recorded at a nominal amount of AED 1.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Group makes contributions to government pension scheme calculated as a percentage of the employees' salaries. The Group's obligations are limited to these contributions, which are expensed when due.

Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative under IAS 39 are recognised in the consolidated income statement in cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods in which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in consolidated income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in consolidated income statement.

For fair value hedges related to items carried at amortised cost, the adjustment to the carrying value is amortised through the consolidated income statement over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest rate method is used is amortised through the consolidated income statement.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the consolidated income statement.

When an unrecognised firm commitment is designated as hedged item, the subsequent cumulative change in fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the consolidated income statement. The changes in the fair value of the hedging instrument are also recognised in the consolidated income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement in finance costs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments (continued)

Cash flow hedges (continued)

Amounts recognised as other comprehensive income are transferred to the consolidated income statement when the hedged transaction affects the consolidated income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. These factors could include:

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant impact on the amounts recognised in the consolidated financial statements.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through profit or loss or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Group has the intention and ability to hold these to maturity.

The Group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as fair value through profit or loss. All other investments are classified as available-for-sale.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Judgements (continued)

Classification of properties

Management decides at the time of acquisition of a property whether it should be classified as held for sale, property, plant and equipment or an investment property. The Group classifies properties as properties held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group also classifies properties as property, plant and equipment when the properties are held for use by, or in the operations, of the Group. Properties are classified as investment properties when the intention is to hold them for capital appreciation, for rental or for undetermined use. The Group changes the classification when the intention changes.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were AED 68,600 thousand (2013: AED 68,032 thousand), and the provision for doubtful debts was AED 2,914 thousand (2013: AED 3,167 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the reporting date, gross inventory were AED 72,194 thousand (2013: AED 76,613 thousand) with provisions for slow moving inventories of AED 1,327 thousand (2013: AED 1,327 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

Useful lives and depreciation of property, plant and equipment

The management periodically reviews the estimated useful lives and depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Useful lives and amortisation of intangible assets

The management periodically reviews the estimated useful lives and amortisation method to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets.

Derivatives

The fair values are obtained from quoted market prices available from the counter party bank, discounted cash flow models and other valuation models as appropriate. The Group uses widely recognised valuation models for determining the fair value of forward currency contracts and forward commodity contracts. For these financial instruments, inputs into models are market observable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

4 NET PROFIT FOR THE YEAR

The net profit for the year is stated after charging:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Staff costs	<u>103,159</u>	<u>91,636</u>
Rental - operating lease	<u>26,628</u>	<u>24,780</u>
Depreciation expense	<u>20,980</u>	<u>19,373</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

5 PROPERTY, PLANT AND EQUIPMENT

	Land AED '000	Buildings AED '000	Plant machinery and equipment AED '000	Coolers and vending machines AED '000	Furniture and fixtures AED '000	Capital work-in- progress AED '000	Total AED '000
Cost:							
At 1 January 2014	38,041	55,586	156,572	100,850	6,396	264,470	621,915
Additions	-	-	6,001	10,743	405	162,416	179,565
Transfer	-	-	1,124	-	-	(1,124)	-
Disposals	-	-	(9,858)	(50,076)	(227)	-	(60,161)
At 31 December 2014	38,041	55,586	153,839	61,517	6,574	425,762	741,319
Accumulated depreciation:							
At 1 January 2014	-	34,992	89,672	85,787	5,650	-	216,101
Charge for the year	-	3,449	11,474	5,380	677	-	20,980
Disposal	-	-	(9,850)	(50,076)	(223)	-	(60,149)
At 31 December 2014	-	38,441	91,296	41,091	6,104	-	176,932
Net book value:							
At 31 December 2014	38,041	17,145	62,543	20,426	470	425,762	564,387

The factory buildings have been constructed on land granted by H.H. The Ruler of Dubai. In 2013, the land was converted from granted status to owned status.

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

Capital work in progress mainly pertains to the construction of new office building and production facility.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

5 PROPERTY, PLANT AND EQUIPMENT (continued)

	Land AED'000	Buildings AED'000	Plant machinery and equipment AED'000	Coolers and vending machines AED'000	Furniture and fixtures AED'000	Capital work-in- progress AED'000	Total AED'000
Cost:							
At 1 January 2013	38,041	56,048	153,129	94,275	5,738	114,164	461,395
Additions	-	-	4,424	9,621	594	176,210	190,849
Transfer	-	(462)	5,451	-	462	(5,451)	-
Transfer to Intangible assets	-	-	-	-	-	(17,297)	(17,297)
Disposals	-	-	(6,432)	(3,046)	(398)	(3,156)	(13,032)
At 31 December 2013	38,041	55,586	156,572	100,850	6,396	264,470	621,915
Accumulated depreciation:							
At 1 January 2013	-	31,538	85,358	84,263	4,965	-	206,124
Charge for the year	-	3,454	10,710	4,259	950	-	19,373
Disposal	-	-	(6,396)	(2,735)	(265)	-	(9,396)
At 31 December 2013	-	34,992	89,672	85,787	5,650	-	216,101
Net book value:							
At 31 December 2013	38,041	20,594	66,900	15,063	746	264,470	405,814

The depreciation charge of the year has been allocated as follows:

	2014 AED'000	2013 AED'000
Cost of sales	7,906	7,927
Selling and distribution expenses	9,524	8,411
Administrative and general expenses	3,550	3,035
	20,980	19,373

Dubai Refreshments (P.J.S.C.) and its subsidiary
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 At 31 December 2014

6 INTANGIBLE ASSETS

	<i>Franchise and bottling rights AED'000</i>	<i>Lease rights AED'000</i>	<i>Software AED'000</i>	<i>Total AED'000</i>
Cost:				
At 1 January 2014	62,391	7,000	17,820	87,211
Additions	-	-	590	590
At 31 December 2014	<u>62,391</u>	<u>7,000</u>	<u>18,410</u>	<u>87,801</u>
Amortisation:				
At 1 January 2014	33,535	204	1,021	34,760
Charge for the year	3,120	350	3,907	7,377
At 31 December 2014	<u>36,655</u>	<u>554</u>	<u>4,928</u>	<u>42,137</u>
Net book value: At 31 December 2014	<u>25,736</u>	<u>6,446</u>	<u>13,482</u>	<u>45,664</u>

	<i>Franchise and bottling rights AED'000</i>	<i>Lease rights AED'000</i>	<i>Software AED'000</i>	<i>Total AED'000</i>
Cost:				
At 1 January 2013	62,391	-	-	62,391
Additions	-	7,000	17,820	24,820
At 31 December 2013	<u>62,391</u>	<u>7,000</u>	<u>17,820</u>	<u>87,211</u>
Amortisation:				
At 1 January 2013	30,417	-	-	30,417
Charge for the year	3,118	204	1,021	4,343
At 31 December 2013	<u>33,535</u>	<u>204</u>	<u>1,021</u>	<u>34,760</u>
Net book value: At 31 December 2013	<u>28,856</u>	<u>6,796</u>	<u>16,799</u>	<u>52,451</u>

7 AVAILABLE-FOR-SALE INVESTMENTS

	<i>2014 AED'000</i>	<i>2013 AED'000</i>
Balance at 1 January	176,467	184,816
Change in market fair value	(10,273)	2,610
Disposals during the year	(568)	(10,959)
Balance at 31 December	<u>165,626</u>	<u>176,467</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

8 INVENTORIES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Raw material and consumable	42,284	49,267
Finished goods	24,632	22,542
Spare part and supplies	5,278	4,804
	<u>72,194</u>	<u>76,613</u>
Less: provision for slow moving inventories	(1,327)	(1,327)
	<u><u>70,867</u></u>	<u><u>75,286</u></u>

During the year ended 31 December 2014, the carrying amount of inventories recognised as an expense and included as part of cost of goods sold in the statement of comprehensive income amounts to AED 577,171 thousand (2013: AED 541,011 thousand).

9 TRADE AND OTHER RECEIVABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Trade receivables	68,600	68,032
Less: provision for doubtful debts	(2,914)	(3,167)
	<u>65,686</u>	<u>64,865</u>
Prepaid expenses	10,320	7,279
Due from a related party (Note 19)	1,762	1,549
Financial instruments at fair value through profit or loss (Note 25)	-	50
Other receivables	26,876	18,492
	<u>104,644</u>	<u>92,235</u>

As at 31 December 2014, trade accounts receivable with a nominal value of AED 2,914 thousand (2013: AED 3,167 thousand) were impaired. Movements in the provision for impairment of trade receivables were as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
At 1 January	3,167	3,167
Write off during the year	(253)	-
	<u>2,914</u>	<u>3,167</u>

As at 31 December, the ageing of unimpaired trade receivables is as follows:

	<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>				
		<i>< 30 days</i>	<i>30-60 days</i>	<i>60-90 days</i>	<i>90-120 days</i>	<i>> 120 days</i>
<i>Total AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
2014	64,104	1,582	-	-	-	-
2013	64,535	330	-	-	-	-

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

10 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Cash at banks and on hand	67,823	27,036
Short-term deposits	120,181	181,763
	<u>188,004</u>	<u>208,799</u>
Bank balances and cash	-	(9,843)
Bank overdrafts	-	-
	<u>188,004</u>	<u>198,956</u>

Short-term deposits are made for varying periods between one day and three months and earn interest at the respective short-term deposits rates.

11 TRADE AND OTHER PAYABLES

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Trade payable	66,316	88,799
Amount payable for land conversion to freehold	-	11,547
Accrued expenses	28,476	27,010
Accrual for staff costs	15,145	14,326
Accrual for project costs	9,610	14,121
Advances from customers	4,338	4,705
Retentions payable	14,312	15,126
Deferred income	5,459	4,593
Financial instruments at fair value through other comprehensive income (Note 25)	719	1,619
Other payables	5,043	4,333
	<u>149,418</u>	<u>186,179</u>

Other payables include Board of Directors' fees of AED 3,500,000 payable to the directors of the Group after obtaining the shareholders' approval in the Annual General Meeting.

12 SHARE CAPITAL

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<i>Authorised issued and fully paid up:</i> 90 million shares of AED 1 each	<u>90,000</u>	<u>90,000</u>

13 STATUTORY RESERVE

In accordance with UAE Commercial Companies Law of 1984 (as amended) and the Company's articles of association, 10% of the annual profit of the Company is required to be transferred to a statutory reserve until the reserve equals 50% of the share capital. No transfer was made to the statutory reserve in 2014 as the reserve has already reached 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

14 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% 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 article.

In accordance with Clause 66 of the Company's article 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.

During the Board of Directors' meeting held on 15 February 2015, the Directors have approved to transfer AED 65,483 thousand from retained earnings to general reserve.

15 FAIR VALUE RESERVE

Changes in fair value of available for sale investments are recognised in other comprehensive income and reported as fair value reserve within equity. Upon impairment loss or upon derecognition, any loss or gain previously reported as fair value reserve within equity is included in the consolidated income statement for the year.

16 DIVIDENDS

During the Annual General Meeting held on 20th March 2014, the shareholders approved a cash dividend of AED 0.60 per share totaling to AED 54 million relating to 2013 (2013: AED 0.50 per share totaling to AED 45 million relating to 2012).

During the Board of Directors' meeting held on 15 February 2015, the Directors proposed a cash dividend of AED 0.65 per share totaling to AED 58.5 million relating to 2014.

17 EMPLOYEES' END OF SERVICE BENEFITS

The movement in the provision recognised in the consolidated statement of financial position is as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Provision as at 1 January	16,679	15,671
Provided during the year	4,590	2,253
End of service benefits paid	(1,582)	(1,245)
	<u>19,687</u>	<u>16,679</u>
Provision as at 31 December		

18 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company, net of directors fees, amounting to AED 136.83 million (2013: AED 119.48 million) by the weighted average number of shares outstanding during the year of 90 million shares (2013: 90 million shares).

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

19 RELATED PARTY TRANSACTIONS AND BALANCES

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

a Significant transactions with related parties:

Significant transactions with related parties included in the consolidated income statement are as follows:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Sales to a related party	<u>15,602</u>	<u>10,138</u>
Purchases from related parties	<u>-</u>	<u>4,614</u>

Compensation of key management personnel

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

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Short-term benefits	13,138	14,752
Employees' end of service benefits	601	511
Board of Directors' sitting fees	560	620
	<u>14,299</u>	<u>15,883</u>

b Due from a related party (Note 9):

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
<i>Other related party</i>		
Oman Refreshments Company Limited	<u>1,762</u>	<u>1,549</u>

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2014, the Group has not recorded any impairment of amounts owed by related parties (2013: AED Nil).

20 TERM LOANS

	<i>Current</i> <i>portion</i> <i>AED'000</i>	<i>Non-current</i> <i>portion</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Loan 1 (a)	1,663	-	1,663
Loan 2 (b)	34,000	136,000	170,000
Loan 3 (c)	9,230	-	9,230
Loan 4 (d)	256	1,612	1,868
Loan 5 (e)	2,055	12,401	14,456
Balance at 31 December 2014	<u>47,204</u>	<u>150,013</u>	<u>197,217</u>
Balance at 31 December 2013	<u>33,281</u>	<u>116,966</u>	<u>150,247</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

20 TERM LOANS (continued)

- (a) In 2010, the Group obtained three term loans denominated in Euro to finance the purchase and installation of new plant and machinery. These loans will be repaid over the term of 3-5 years and carry interest at 6 months EURIBOR plus margin. A fair value hedge has been created through a series of forward foreign exchange contracts matching the repayment dates.
- (b) The Group availed a term loan from a local bank to finance the construction of an office and plant facility (Greenfield Project) at the Dubai Investment Park. As approved by the Board, this loan has been capped at AED 170 million with 5 years repayment. The repayment will start from January 2015 and ends on July 2019. The loan carries interest at 3 months EIBOR plus margin.
- (c) The Group obtained a term loan from a local bank for the purpose of payment to Dubai Electricity and Water Authority for the Greenfield project. The loan is repayable in 30 monthly instalments ending on September 2015 and carries interest of 4% per annum.
- (d & e) The Group obtained two term loans denominated in US Dollar to finance the acquisition of new plant and machinery. The loans will be repaid over 14 semi-annual instalments commencing on 15 January 2015 and carry interests at 6 months LIBOR plus margin.

21 OPERATING LEASE COMMITMENTS

The Group leases land, staff accommodations, office and warehouse premises and vehicles under operating lease agreements. 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 non-cancellable operating leases are as follows:

	2014 AED'000	2013 AED'000
Within 1 year	17,793	11,880
After one year but not more than five years	49,425	22,398
More than 5 years	130,598	135,626
Total operating lease expenditure contracted for at the reporting date	<u>197,816</u>	<u>169,904</u>

22 CONTINGENCIES AND CAPITAL COMMITMENTS

	2014 AED'000	2013 AED'000
Bank guarantees	103	103
Letter of credit	5,957	11,683
Capital commitments - contracted	165,117	282,388
Capital commitments - uncontracted	<u>69,141</u>	<u>103,567</u>

The Group's capital commitments mainly pertain to approved expenditure of AED 658.3 million (31 December 2013: AED 658.3 million) on office and plant facility (Greenfield Project) at the Dubai Investment Park.

23 SEGMENT REPORTING

The Group 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 consolidated statement of financial position, consolidated income statement and notes to the consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

23 SEGMENT REPORTING (continued)

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

a) *Information about geographical segments*

During the year ended 31 December 2014, revenue from customers located in the Group's country of domicile (UAE) is AED 800 million (year ended 31 December 2013: AED 743 million) and revenue from customers outside UAE (foreign customers) is AED 185 million (year ended 31 December 2013: AED 149 million).

b) *Major customer*

During the year ended 31 December 2014, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group (2013: Nil).

24 RISK MANAGEMENT

Interest rate risk

The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits and term loans).

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's result for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

There is no impact on the Group's equity.

	<i>Increase/ decrease in basis points</i>	<i>Effect on profit for the year AED'000</i>
2014	+50	(986)
AED	-50	986
2013	+50	(800)
AED	-50	800

Credit risk

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group limits its credit risk with regard to bank deposits by only dealing with reputable banks.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

With respect to credit risk arising from other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group limits its liquidity risk by ensuring that adequate internally generated funds and bank facilities are available. The Group's terms of sales require amounts to be paid within 30 to 60 days from the date of sale. Trade payables are normally settled within 30 to 90 days from the date of purchase.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

24 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2014

	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000
Accounts and other payables	125,309	14,312	-	-	139,621
Term loans	26,667	23,139	153,106	4,623	207,535
Total	151,976	37,451	153,106	4,623	347,156

At 31 December 2013

	Less than 6 months AED'000	6 to 12 months AED'000	1 to 5 years AED'000	>5 years AED'000	Total AED'000
Accounts and other payables	155,981	20,900	-	-	176,881
Term loans	18,663	18,491	89,859	36,573	163,586
Bank overdraft	9,843	-	-	-	9,843
Total	184,487	39,391	89,859	36,573	350,310

Currency risk

The Group had the following significant net exposures denominated in foreign currencies in the form of bank balances and term loans.

	2014 AED'000 equivalent	2013 AED'000 equivalent
Net assets:		
Euro	(1,652)	21,530

The below analysis calculates the effect of a reasonably possible movement of the AED currency rate against the above mentioned currency, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

	Increase/ decrease in exchange rate to the AED	Effect on profit for the year increase/ (decrease) AED'000	Effect on other comprehensive income for the year increase/ (decrease) AED'000
2014	+5%	(83)	-
	-5%	83	-
2013	+5%	1,159	-
	-5%	(1,159)	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

24 RISK MANAGEMENT (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013. Capital comprises share capital, reserves and retained earnings and is measured at AED 813 million as at 31 December 2014 (2013: AED 740 million).

25 FAIR VALUE OF DERIVATIVES

Derivatives not designated as hedging instruments

The Group uses forward currency contracts to manage some of its financing transaction exposures. Foreign currency forward contracts are not designated as cash flow, fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures, generally 3 to 36 months. Derivatives where no hedging relationship is established or which are contracted for general purposes are not considered as cash flow or fair value hedges.

Cash flow hedges

The Group also uses forward commodity contracts and forward currency contracts to manage some of its financing transaction exposures, highly probable transactions and commitment. The hedging relationship and objective, including details of the hedged item and hedging instrument, are formally documented and the transaction is accounted for as a cash flow hedge.

The cash flow hedges were assessed to be highly effective and as at 31 December 2014, and a net unrealized gain of AED 900 thousands (2013: loss AED 493 thousands) was included in other comprehensive income in respect of these contracts.

The table below shows the positive and negative fair values of derivative financial instruments including cash flow hedges, which are equivalent to the market values, together with the notional amounts analysed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

	Positive fair value AED'000	Negative fair value AED'000	Notional amounts by term to maturity		
			Notional amount AED'000	Within 1 year AED'000	1-5 years AED'000
Derivatives					
Designated as cash flow hedge	-	(719)	38,931	38,931	-
31 December 2014	-	(719)	38,931	38,931	-
	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Within 1 year AED'000	1-5 years AED'000
Derivatives					
Designated as cash flow hedge	-	(1,619)	37,533	37,533	-
Not designated for hedging	50	-	1,656	1,656	-
31 December 2013	50	(1,619)	39,189	39,189	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

25 FAIR VALUE OF DERIVATIVES (continued)

The fair value of derivatives is presented in the consolidated statement of financial position as:

	<i>2014</i> <i>AED'000</i>	<i>2013</i> <i>AED'000</i>
Current assets (Note 9)	-	50
Current liabilities (Note 11)	719	1,619

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, receivables and available-for-sale investments. Financial liabilities consist of bank borrowings, payables and derivatives.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2014, the Group held the following financial instruments measured at fair value:

Assets measured at fair value	<i>31 Dec 2014</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Available-for-sale investments (Note 7)				
Quoted equity shares				
Consumer products sector	165,626	165,626	-	-
Liabilities measured at fair value				
	<i>31 Dec 2014</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Financial instruments at fair value through other comprehensive income (Note 11)				
Commodity derivative (aluminum)	719	-	719	-

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2014

26 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

As at 31 December 2013, the Group held the following financial instruments measured at fair value:

Assets measured at fair value	31 Dec 2013 AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
Available-for-sale investments (Note 7)				
Quoted equity shares				
Consumer products sector	175,906	175,906	-	-
Telecommunications sector	561	561	-	-
Financial instruments at fair value through profit or loss (Note 9)				
Foreign exchange forward contracts - EUR	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
Liabilities measured at fair value				
Financial instruments at fair value through other comprehensive income (Note 11)				
Foreign exchange forward contracts - EUR	62	-	62	-
Commodity derivative (aluminum)	<u>1,557</u>	<u>-</u>	<u>1,557</u>	<u>-</u>

During the years ended 31 December 2014 and 31 December 2013, there were no transfers between the various levels of fair value measurements.

27 NON-CASH TRANSACTIONS

The following non-cash transaction has been excluded from the statement of cash flows:

	Note	2014 AED'000	2013 AED'000
Accrual for project costs	11	<u>9,610</u>	<u>14,121</u>
Total additions to property, plant and equipment		<u>9,610</u>	<u>14,121</u>

28 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation adopted in these financial statements. The below reclassification did not have any impact on the equity of the Group as of 31 December 2013.

Statement of Financial Position:

In the prior year, capitalised software licenses amounting to AED 16.7 million was classified as property, plant and equipment. These have now been presented as part of intangible assets.