



Date: 29 February 2016
Ref: LG_LTR_021_2016

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

التاريخ: 29 فبراير 2016

المرجع: LG_LTR_021_2016



السيد/ حسن عبد الرحمن السركال
نائب رئيس التنفيذي - رئيس تنفيذي العمليات
رئيس قطاع العمليات
سوق دبي المالي
دبي - الامارات العربية المتحدة



**Annual Audited Financial Results for the full
year of 2015**

**الموضوع : التدقيق الرسمي للبيانات المالية السنوية عن
العام 2015**



Dubai Refreshments PJSC (DRC) is pleased to announce its **AUDITED** financial results for the full year of 2015, issued by the External Auditors, who were appointed by the General Assembly as per the rules, and signed by the board of directors, noting that the Audited Financial Results will be submitted to the shareholders at the Annual General Assembly for 2016 for their approval.

يسر شركة دبي للمرطبات (ش.م.ع.) أن تعلن عن التدقيق المبدئي الرسمي للبيانات المالية عن كامل العام 2015 الصادر عن مدققي الحسابات المعيّنين من قبل الجمعية العمومية السنوية والموقع من قبل مجلس الإدارة، مع الإشارة الى ان التدقيق المشار اليه سوف يتم عرضه على المساهمين في الجمعية العمومية السنوية للعام 2016 للموافقة عليه.



Many Thanks,

Tarek ElSakka
Chief Executive Officer

و تفضلوا بقبول فائق الاحترام و التقدير



طارق السقا
الرئيس التنفيذي



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جائزة دبي التقديرية للجودة
DUBAI QUALITY APPRECIATION AWARD



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

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2015

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dubai Refreshment (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 2015 and the consolidated statement of income, 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 notes.

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 in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, 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.

Auditor's 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 about 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 judgement, 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 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 consolidated 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2015 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

- i) we have obtained all the information we considered necessary for the purposes of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Memorandum of Association of the Company;
- iii) the Group has maintained proper books of account;
- iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group.
- v) investments in shares and stocks are included in note 7 to the consolidated financial statements and include purchases of investments made by the Group during the year ended 31 December 2015;
- vi) note 19 reflects disclosures related to related party transactions and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2015, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2015; and
- viii) note 4 reflects the social contributions made during the year.

Ernst & Young



Signed by:
Joseph Murphy
Partner
Registration No. 492

21 February 2016
Dubai, United Arab Emirates

Dubai Refreshment (P.J.S.C.)
CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>AED '000</i>	<i>2014</i> <i>AED '000</i>
Sales		974,013	985,099
Cost of sales		<u>(610,064)</u>	<u>(629,939)</u>
GROSS PROFIT		363,949	355,160
Other operating income		11,788	1,617
Selling and distribution expenses		(166,387)	(158,208)
General and administrative expenses		(61,394)	(60,359)
Amortisation of intangible assets	6	<u>(7,772)</u>	<u>(7,377)</u>
OPERATING INCOME		140,184	130,833
Finance income		874	1,004
Finance expense		(195)	(466)
Dividend income		6,780	6,780
Other income, net		1,098	1,618
Gain on sale of available-for-sale investments		-	568
PROFIT FOR THE YEAR	4	<u>148,741</u>	<u>140,337</u>
Earnings per share in AED	18	<u>1.61</u>	<u>1.52</u>

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>AED '000</i>	<i>2014</i> <i>AED '000</i>
Profit for the year		148,741	140,337
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	(15,583)	(10,273)
Gain on sale of available-for-sale investments recognised in income statement	7	-	(568)
		(15,583)	(10,841)
Change in fair value of cash flow hedges	25	(4,344)	900
Other comprehensive income for the year		(19,927)	(9,941)
Total comprehensive income for the year		128,814	130,396

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>AED '000</i>	<i>2014</i> <i>AED '000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	653,327	564,387
Intangible assets	6	41,572	45,664
Available-for-sale investments	7	150,043	165,626
		<u>844,942</u>	<u>775,677</u>
Current assets			
Inventories	8	85,079	70,867
Trade and other receivables	9	109,875	104,644
Advances to Greenfield contractors and suppliers		40,456	40,456
Bank balances and cash	10	158,288	188,004
		<u>393,698</u>	<u>403,971</u>
TOTAL ASSETS		<u><u>1,238,640</u></u>	<u><u>1,179,648</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	90,000	90,000
Statutory reserve	13	45,000	45,000
General reserve	14	486,002	407,665
Fair value reserve	15	118,960	134,543
Cash flow hedge reserve		(5,063)	(719)
Retained earnings		144,541	136,837
Total equity		<u>879,440</u>	<u>813,326</u>
Non-current liabilities			
Employees' end of service benefits	17	20,851	19,687
Non-current portion of term loans	20	143,237	150,013
		<u>164,088</u>	<u>169,700</u>
Current liabilities			
Trade and other payables	11	152,440	149,418
Current portion of term loans	20	42,672	47,204
		<u>195,112</u>	<u>196,622</u>
Total liabilities		<u>359,200</u>	<u>366,322</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,238,640</u></u>	<u><u>1,179,648</u></u>

The consolidated financial statements have been approved by the Board of Directors on 21 February 2016, and signed on their behalf by:



Mr. Abdulla Mohamed Al Huraiz
Director
21 February 2016



Mr. Ahmad Bin Eisa Alserkal
Chairman
21 February 2016

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	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 at 31 December 2014	90,000	45,000	407,665	134,543	(719)	136,837	813,326
Profit for the year	-	-	-	-	-	148,741	148,741
Other comprehensive income for the year	-	-	-	(15,583)	(4,344)	-	(19,927)
Total comprehensive income for the year	-	-	-	(15,583)	(4,344)	148,741	128,814
Dividends paid (Note 16)	-	-	-	-	-	(58,500)	(58,500)
Directors' fees (Note 11)	-	-	-	-	-	(4,200)	(4,200)
Transfer to general reserve (Note 14)	-	-	78,337	-	-	(78,337)	-
Balance as of 31 December 2015	90,000	45,000	486,002	118,960	(5,063)	144,541	879,440

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.

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2015

	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)
Directors' fees (Note 11)	-	-	-	-	-	(3,500)	(3,500)
Transfer to general reserve (Note 14)	-	-	65,483	-	-	(65,483)	-
Balance as of 31 December 2014	90,000	45,000	407,665	134,543	(719)	136,837	813,326

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

	<i>Notes</i>	<i>2015</i> <i>AED '000</i>	<i>2014</i> <i>AED '000</i>
OPERATING ACTIVITIES			
Profit for the year		148,741	140,337
Adjustments for:			
Depreciation	5	22,848	20,980
Amortisation of intangible assets	6	7,772	7,377
Loss / (Gain) on disposal of property, plant and equipment		4	(128)
Finance income		(874)	(1,004)
Finance expense		195	466
Dividend income		(6,780)	(6,780)
Gain on sale of available-for-sale investments		-	(568)
Provision for employees' end of service benefits	17	2,977	4,590
		<u>174,883</u>	<u>165,270</u>
Working capital changes:			
Inventories		(14,212)	4,419
Trade and other receivables		(5,231)	(12,409)
Trade and other payables		(3,322)	(33,923)
		<u>152,118</u>	<u>123,357</u>
Employees' end of service benefits paid	17	(1,813)	(1,582)
Net cash generated from operating activities		<u>150,305</u>	<u>121,775</u>
INVESTING ACTIVITIES			
Additions to intangible assets	6	(3,680)	(590)
Additions to property, plant and equipment	5	(109,792)	(169,955)
Proceeds from disposal of property, plant and equipment		-	140
Advances to Greenfield contractors and suppliers		-	51,870
Proceeds from sale of available-for-sale investment		-	568
Dividend income received		6,780	6,780
Finance income received		874	1,004
Amount paid for the conversion of land to freehold		-	(11,548)
Net cash used in investing activities		<u>(105,818)</u>	<u>(121,731)</u>
FINANCING ACTIVITIES			
Proceeds from term loans		39,440	62,494
Repayment of term loans		(50,748)	(15,524)
Dividends paid	16	(58,500)	(54,000)
Directors' fees		(4,200)	(3,500)
Finance expense paid		(195)	(466)
Net cash used in financing activities		<u>(74,203)</u>	<u>(10,996)</u>
DECREASE IN CASH AND CASH EQUIVALENTS		(29,716)	(10,952)
Cash and cash equivalents at 1 January		<u>188,004</u>	<u>198,956</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	10	<u>158,288</u>	<u>188,004</u>

1 ACTIVITIES

Dubai Refreshment (P.J.S.C) (the “Company”) was incorporated in Dubai in 1959 by a Decree issued by His Highness The Ruler of Dubai. The Company is listed on the Dubai Financial Market (“DFM”). The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates.

The Federal Law No. 2 of 2015, concerning commercial Companies has come into effect from 1 July 2015, replacing the existing Federal Law No. 8 of 1984. The Company is currently assessing the impact of the new Law and expects to be fully compliant on or before the end of the grace period on 30 June 2016.

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. During the year ended 31 December 2015, the subsidiary was liquidated. 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 Refreshment Company (PJSC) (“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.

Control is achieved when the Group is exposed on / has rights to variable returns from its involvements with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls as investee if and only if, the Group has:

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

2.2 BASIS OF CONSOLIDATION (continued)

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.

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 consolidated statement of change in equity. 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 2015:

- IAS 19 Defined Benefit Plans: Employee Contributions — Amendments to IAS 19- Effective for annual periods beginning on or after 1 July 2014
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

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 to the extent that they are relevant to the Group's consolidated financial statements. 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 15 Revenue from Contracts with Customers – effective for annual periods beginning on or after 1 January 2018;
- IFRS 16 Leases – effective for annual periods beginning on or after 1 January 2019;
- IAS 1 Disclosure Initiative – Amendments to IAS 1 – effective for annual periods beginning on or after 1 January 2016;
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – effective for annual periods beginning on or after 1 January 2016;
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 – effective for annual periods beginning on or after 1 January 2016;
- IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27 – effective for annual periods beginning on or after 1 January 2016;
- AIP IFRS 7 Financial Instruments: Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements – effective for annual periods beginning on or after 1 January 2016;
- AIP IAS 19 Employee Benefits - Discount rate: regional market issue; – effective for annual periods beginning on or after 1 January 2016; and
- AIP IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report' – effective for annual periods beginning on or after 1 January 2016.

The Group is currently assessing the impact of IFRS 9, IFRS 15 and IFRS 16. The Group has assessed the impact of other standards, amendment to standards, revisions and interpretations. Based on the assessment, the other standards, amendments to standards, revisions and interpretations have no material impact on the consolidated financial statements of the Group.

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 as 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 investments 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.

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
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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

During the year ended 31 December 2015, the Group has capitalised borrowing costs amounting to AED 19,215 thousand (2014: AED 11,702 thousand).

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets (continued)

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets 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.

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.

Available-for-sale investments

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statement – is removed from consolidated statement of other comprehensive income and recognised in the consolidated income statement. Impairment losses on equity investments are not reversed through consolidated income statement; increases in their fair value after impairment are recognised in consolidated statement of other comprehensive income.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 consolidated 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 consolidated 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Group uses derivative financial instruments, such as forward commodity contracts, to hedge its commodity price risks. 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, on 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 consolidated statement of 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 in consolidated statement of other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated income statement.

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 consolidated income statement.

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 consolidated statement of 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 income statement are also recognised in other comprehensive income or income statements, 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.

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 69,824 thousand (2014: AED 68,600 thousand), and the provision for doubtful debts was AED 2,914 thousand (2014: AED 2,914 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 86,406 thousand (2014: AED 72,194 thousand) with provisions for slow moving inventories of AED 1,327 thousand (2014: 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 commodity contracts. For these financial instruments, inputs into models are market observable.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

4 NET PROFIT FOR THE YEAR

The net profit for the year is stated after charging:

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Staff costs	<u>100,978</u>	<u>103,159</u>
Rental - operating lease	<u>28,305</u>	<u>26,628</u>
Depreciation expense	<u>22,848</u>	<u>20,980</u>

During the year ended 31 December 2015, social contributions made by the Company amounted to AED 1,534 thousands (2014: AED 12 thousands)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

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 2015	38,041	55,586	153,839	61,517	6,574	425,762	741,319
Additions	-	-	6,135	9,173	293	96,191	111,792
Transfer	-	(67)	3,346	-	67	(3,346)	-
Disposals	-	-	(159)	(2,504)	(91)	-	(2,754)
At 31 December 2015	38,041	55,519	163,161	68,186	6,843	518,607	850,357
Accumulated depreciation:							
At 1 January 2015	-	38,441	91,296	41,091	6,104	-	176,932
Charge for the year	-	2,225	13,374	6,703	546	-	22,848
Disposal	-	-	(158)	(2,501)	(91)	-	(2,750)
At 31 December 2015	-	40,666	104,512	45,293	6,559	-	197,030
Net book value:							
At 31 December 2015	38,041	14,853	58,649	22,893	284	518,607	653,327

The factory buildings have been constructed on land granted by H.H. The Ruler of Dubai. In 2014, 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 Refreshment (P.J.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

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 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2015

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 2015	62,391	7,000	18,410	87,801
Additions	-	-	3,680	3,680
At 31 December 2015	62,391	7,000	22,090	91,481
Amortisation:				
At 1 January 2015	36,655	554	4,928	42,137
Charge for the year	3,120	350	4,302	7,772
At 31 December 2015	39,775	904	9,230	49,909
Net book value:				
At 31 December 2015	22,616	6,096	12,860	41,572
	<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	62,391	7,000	18,410	87,801
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	36,655	554	4,928	42,137
Net book value:				
At 31 December 2014	25,736	6,446	13,482	45,664

7 AVAILABLE-FOR-SALE INVESTMENTS

	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Balance at 1 January	165,626	176,467
Change in market fair value	(15,583)	(10,273)
Disposals during the year	-	(568)
Balance at 31 December	150,043	165,626

During the year ended 31 December 2015, purchases of stocks and investments amounted to AED Nil (2014: AED Nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

8 INVENTORIES

	2015 AED'000	2014 AED'000
Raw material and consumable	55,796	42,284
Finished goods	25,756	24,632
Spare part and supplies	4,854	5,278
	<u>86,406</u>	<u>72,194</u>
Less: provision for slow moving inventories	(1,327)	(1,327)
	<u><u>85,079</u></u>	<u><u>70,867</u></u>

During the year ended 31 December 2015, the carrying amount of inventories recognised as an expense and included as part of cost of goods sold in the consolidated statement of income amounts to AED 558,659 thousand (2014: AED 577,171 thousand).

9 TRADE AND OTHER RECEIVABLES

	2015 AED'000	2014 AED'000
Trade receivables	69,824	68,600
Less: provision for doubtful debts	(2,914)	(2,914)
	<u>66,910</u>	<u>65,686</u>
Prepaid expenses	7,334	7,230
Advances to suppliers	6,837	3,003
Due from a related party (Note 19b)	6	1,762
Other receivables	28,788	26,963
	<u><u>109,875</u></u>	<u><u>104,644</u></u>

As at 31 December 2015, trade accounts receivable with a nominal value of AED 2,914 thousand (2014: AED 2,914 thousand) were impaired. Movements in the provision for impairment of trade receivables were as follows:

	2015 AED'000	2014 AED'000
At 1 January	2,914	3,167
Write off during the year	-	(253)
	<u>2,914</u>	<u>2,914</u>
At 31 December	<u><u>2,914</u></u>	<u><u>2,914</u></u>

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

	Total AED'000	Neither past due nor impaired AED'000	Past due but not impaired				
			<30 days AED'000	30-60 days AED'000	60-90 days AED'000	90-120 days AED'000	>120 days AED'000
2015	66,910	66,910	-	-	-	-	-
2014	65,686	64,104	1,582	-	-	-	-

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 Refreshment (P.J.S.C.)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2015

10 CASH AND CASH EQUIVALENTS

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

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Cash at banks and on hand	47,525	67,823
Short-term deposits	110,763	120,181
Bank balances and cash	<u>158,288</u>	<u>188,004</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>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Trade payable	71,997	66,316
Accrued expenses	26,458	28,476
Accrual for staff costs	13,560	15,145
Accrual for project costs	2,000	9,610
Advances from customers	1,577	4,338
Retentions payable	14,882	14,312
Deferred income	11,069	5,459
Negative fair value of derivatives (Note 26)	5,063	719
Other payables	5,834	5,043
	<u>152,440</u>	<u>149,418</u>

Other payables include Board of Directors' fees of AED 4,200,000 payable to the directors of the Group after obtaining the shareholders' approval in the Annual General Meeting.

12 SHARE CAPITAL

	<i>2015</i> <i>AED'000</i>	<i>2014</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 2015 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 2016, the Directors have approved to transfer AED 78,337 (2014: 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 Board of Directors' meeting held on 15 February 2016, the Directors proposed a cash dividend of AED 0.70 per share totaling to AED 63 million relating to 2015 (2014: AED 0.65 per share totaling to AED 58.5 million). The dividend is subject to the approval of the shareholder in the Annual General Meeting.

17 EMPLOYEES' END OF SERVICE BENEFITS

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

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Provision as at 1 January	19,687	16,679
Provided during the year	2,977	4,590
End of service benefits paid	(1,813)	(1,582)
	<u>20,851</u>	<u>19,687</u>
Provision as at 31 December	<u>20,851</u>	<u>19,687</u>

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 144.54 million (2014: AED 136.83 million) by the weighted average number of shares outstanding during the year of 90 million shares (2014: 90 million shares).

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

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>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Sales to a related party	<u>12,485</u>	<u>15,602</u>

Compensation of key management personnel

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

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Short-term benefits	13,490	13,138
Employees' end of service benefits	547	601
Board of Directors' sitting fees	550	560
	<u>14,587</u>	<u>14,299</u>

b Due from a related party:

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
<i>Other related party</i>		
Oman Refreshments Company Limited (Note 9)	<u>6</u>	<u>1,762</u>

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2015, the Group has not recorded any impairment of amounts owed by related parties (2014: AED Nil).

20 TERM LOANS

	<i>Current portion</i> <i>AED'000</i>	<i>Non-current portion</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Loan 1 (a)	-	-	-
Loan 2 (b)	34,000	102,000	136,000
Loan 3 (c)	-	-	-
Loan 4 (d)	5,906	28,082	33,988
Loan 5 (e)	2,766	13,155	15,921
Balance at 31 December 2015	<u>42,672</u>	<u>143,237</u>	<u>185,909</u>
Balance at 31 December 2014	<u>47,204</u>	<u>150,013</u>	<u>197,217</u>

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At 31 December 2015

20 TERM LOANS (continued)

- (a) A loan with outstanding balance of AED 1,663 thousands as at 31 December 2014, was fully paid in March 2015.
- (b) The Group obtained a term loan from a local bank to finance the construction of an office and plant facility (Greenfield Project) at Dubai Investment Park. As approved by the Board of Directors of the Company, this loan has been capped at AED 170 million with 5 years repayment period. The repayment has started from January 2015 and will end in July 2019. The loan carries interest at 3 months EIBOR plus margin. The loan is secured by mortgage of AED 205 million on the building and machinery related to the Greenfield Project (Note 5).
- (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 was fully paid in September 2015.
- (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 in 14 semi-annual instalments commenced from 15 January 2015 and carry interests at 6 months LIBOR plus margin. In AED terms, the outstanding amount as of 31 December 2015 is AED 49,910 thousands (31 December 2014: AED 16,324 thousands). In dollar terms, the outstanding amount as of 31 December 2015 is USD 13,590 thousands (31 December 2014: USD 4,394 thousands).

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:

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Within 1 year	16,671	17,793
After one year but not more than five years	46,159	49,425
More than 5 years	125,708	130,598
Total operating lease expenditure contracted for at the reporting date	<u>188,538</u>	<u>197,816</u>

22 CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Bank guarantees	2,828	103
Letter of credit	5,957	5,957
Capital commitments - contracted	69,465	165,117
Capital commitments - uncontracted	<u>92,858</u>	<u>69,141</u>

The Group's capital commitments mainly pertain to approved expenditure of AED 658.3 million (31 December 2014: 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.

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 2015, revenue from customers located in the Group's country of domicile (UAE) is AED 824 million (year ended 31 December 2014: AED 800 million) and revenue from customers outside UAE (foreign customers) is AED 150 million (year ended 31 December 2014: AED 185 million).

b) Major customer

During the year ended 31 December 2015, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group (2014: AED Nil).

24 RISK MANAGEMENT**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include term loans, bank deposits, available-for-sale investments and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

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>
2015		
AED	+50	(930)
AED	-50	930
2014		
AED	+50	(986)
AED	-50	986

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group had the following significant net exposures denominated in foreign currencies in the form of bank balances and term loans.

	<i>2015 AED'000 equivalent</i>	<i>2014 AED'000 equivalent</i>
Net assets:		
Euro	9,434	(1,652)

24 RISK MANAGEMENT (continued)**Market risk (continued)***Currency risk (continued)*

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 consolidated income (due to the fair value of currency sensitive monetary assets and liabilities).

	<i>Increase/ decrease in exchange rate to the AED</i>	<i>Effect on profit for the year increase/ (decrease) AED'000</i>	<i>Effect on other comprehensive income for the year increase/ (decrease) AED'000</i>
2015	+5%	472	-
	-5%	(472)	-
2014	+5%	(83)	-
	-5%	83	-

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity index and the value of individual stocks. The Group's listed equity security is susceptible to market price risk arising from uncertainties about future values of the investment security.

The effect on equity (fair value reserve) as a result of a change in the fair value of equity instrument quoted on Muscat Securities Market – Oman and held as available-for-sale at 31 December 2015 and 31 December 2014, due to reasonably possible changes in the prices of these quoted shares held by the Company, with all other variables held constant, is as follows:

	<i>2015 AED '000</i>		<i>2014 AED '000</i>	
	<i>Increase / decrease in market prices %</i>	<i>Effect on equity (fair value reserve)</i>	<i>Increase / decrease in market prices %</i>	<i>Effect on equity (fair value reserve)</i>
Market index – Muscat Securities Market (Oman)				
Impact of change in market prices	+10%	15,004	+10%	16,563
	-10%	(15,004)	-10%	(16,563)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

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, trade and other receivables, 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.

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At 31 December 2015

24 RISK MANAGEMENT (continued)

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.

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 2015

	<i>Less than 6 months AED'000</i>	<i>6 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>>5 years AED'000</i>	<i>Total AED'000</i>
Accounts and other payables	124,212	14,882	-	-	139,094
Term loans	21,934	23,096	140,968	8,248	194,246
Total	146,146	37,978	140,968	8,248	333,340

At 31 December 2014

	<i>Less than 6 months AED'000</i>	<i>6 to 12 months AED'000</i>	<i>1 to 5 years AED'000</i>	<i>>5 years AED'000</i>	<i>Total AED'000</i>
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

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 2015 and 31 December 2014. Capital comprises share capital, reserves and retained earnings and is measured at AED 880 million as at 31 December 2015 (2014: AED 813 million).

25 FAIR VALUE OF DERIVATIVES

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 2015, and a net unrealized loss of AED 4,344 thousands (2014: net unrealized gain of AED 900 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.

25 FAIR VALUE OF DERIVATIVES (continued)

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts by term to maturity</i>		
			<i>Notional amount AED'000</i>	<i>Within 1 year AED'000</i>	<i>1-5 years AED'000</i>
Derivatives					
Designated as cash flow hedge	-	(5,063)	58,386	58,386	-
31 December 2015	-	(5,063)	58,386	58,386	-

	<i>Positive fair value AED'000</i>	<i>Negative fair value AED'000</i>	<i>Notional amounts by term to maturity</i>		
			<i>Notional amount AED'000</i>	<i>Within 1 year AED'000</i>	<i>1-5 years AED'000</i>
Derivatives					
Designated as cash flow hedge	-	(719)	21,924	21,924	-
31 December 2014	-	(719)	21,924	21,924	-

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

	<i>2015 AED'000</i>	<i>2014 AED'000</i>
Negative fair value of derivatives – current liabilities (Note 11)	5,063	719

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 term loans, payables and negative fair value of 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.

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26 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

As at 31 December 2015, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	<i>31 Dec 2015</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				
Quoted equity shares				
Consumer products sector (note 7)	<u>150,043</u>	<u>150,043</u>	<u>-</u>	<u>-</u>

Liabilities measured at fair value

	<i>31 Dec 2015</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>
Negative fair value of derivatives				
- held as cash flow hedge (Note 9)	<u>5,063</u>	<u>-</u>	<u>5,063</u>	<u>-</u>

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				
Quoted equity shares				
Consumer products sector (Note 7)	<u>165,626</u>	<u>165,626</u>	<u>-</u>	<u>-</u>

Liabilities measured at fair value

	<i>31 Dec 2015</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>
Negative fair value of derivatives				
- held as cash flow hedge (Note 9)	<u>719</u>	<u>-</u>	<u>719</u>	<u>-</u>

During the years ended 31 December 2015 and 31 December 2014, 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:

	<i>Note</i>	<i>2015</i> <i>AED'000</i>	<i>2014</i> <i>AED'000</i>
Accrual for project costs	11	<u>2,000</u>	<u>9,610</u>
Total additions to property, plant and equipment		<u>2,000</u>	<u>9,610</u>

28 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform to the presentation adopted in these consolidated financial statements, the effect of which are considered immaterial.