# Dubai Refreshments (P.S.C)

## UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

**30 SEPTEMBER 2011**

Ernst & Young

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# REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF DUBAI REFRESHMENTS (P.S.C)

***Introduction***

We have reviewed the accompanying interim condensed financial statements of Dubai Refreshments (P.S.C) (the "Company") as at 30 September 2011, comprising of the interim statement of financial position as at 30 September 2011 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the period then ended and explanatory information. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

***Other Matter***

The interim financial information of the Company for the period ended 30 September 2010, was reviewed by another auditor whose report dated 7 November 2010, concluded satisfactorily. Furthermore, the financial statements of the Company as at 31 December 2010, were audited by the same auditor whose report dated 2 February 2011, expressed an unqualified opinion on those statements.

Ernst & Young

Signed by
Ali Issa
Partner
Registration No. 488
31 October 2011
Dubai, United Arab Emirates

# INTERIM INCOME STATEMENT
Period ended 30 September 2011 (Unaudited)

| | Notes | *Nine months ended* **30 September 2011 AED '000** | *Nine months ended* *30 September 2010 AED '000* | *Three months ended* **30 September 2011 AED '000** | *Three months ended* *30 September 2010 AED '000* |
|---|---|---|---|---|---|
| Sales | | **712,722** | 586,004 | **267,999** | 199,674 |
| Cost of sales | 4 | **(515,057)** | (434,482) | **(197,598)** | (148,193) |
| **GROSS PROFIT** | | **197,665** | 151,522 | **70,401** | 51,481 |
| Other operating income | | **7,435** | - | **2,479** | - |
| Selling and distribution expenses | 5 | **(84,781)** | (77,647) | **(31,063)** | (26,428) |
| General and administrative expenses | 6 | **(30,846)** | (28,807) | **(10,092)** | (9,133) |
| Amortisation of intangible assets | | **(2,340)** | (2,340) | **(780)** | (780) |
| **OPERATING INCOME** | | **87,133** | 42,728 | **30,945** | 15,140 |
| Finance income | | **2,189** | 2,342 | **469** | 848 |
| Finance expense | | **(1,480)** | (2,802) | **(911)** | (70) |
| Dividend income | | **3,889** | 2,800 | **132** | 132 |
| Other income | | **430** | 279 | **124** | 93 |
| **PROFIT FOR THE PERIOD** | | **92,161** | 45,347 | **30,759** | 16,143 |
| Earnings per share in AED | 15 | **1.02** | 0.50 | **0.34** | 0.18 |

The attached notes 1 to 20 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2011 (Unaudited)

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| **Profit for the period** | **92,161** | 45,347 | **30,759** | 16,143 |
| **Other comprehensive income** | | | | |
| Change in fair value of available-for-sale investments | **35,548** | 2,918 | **2,370** | 1,825 |
| **Total comprehensive income for the period** | **127,709** | 48,265 | **33,129** | 17,968 |

The attached notes 1 to 20 form part of these interim condensed financial statements.

Dubai Refreshments (P.S.C)

INTERIM STATEMENT OF FINANCIAL POSITION
At 30 September 2011

| | Notes | 30 September 2011 AED '000 (Unaudited) | 31 December 2010 AED '000 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | **140,154** | 137,293 |
| Intangible assets | | **35,874** | 38,214 |
| Available-for-sale investments | 8 | **103,059** | 60,143 |
| | | **279,087** | 235,650 |
| **Current assets** | | | |
| Inventories | 9 | **54,244** | 34,166 |
| Trade and other receivables | 10 | **89,001** | 61,261 |
| Due from related parties | 16 | **2,005** | 312 |
| Bank balances and cash | 11 | **209,167** | 156,670 |
| | | **354,417** | 252,409 |
| **TOTAL ASSETS** | | **633,504** | 488,059 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 13 | **90,000** | 60,000 |
| Statutory reserve | | **30,000** | 30,000 |
| General reserve | | **149,241** | 149,241 |
| Fair value reserve | | **83,821** | 48,273 |
| Retained earnings | | **93,367** | 61,206 |
| **Total equity** | | **446,429** | 348,720 |
| **Non-current liabilities** | | | |
| Non-current portion of term loans | 17 | **9,292** | 14,116 |
| Employees' end of service benefits | | **13,092** | 11,545 |
| | | **22,384** | 25,661 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **158,560** | 107,098 |
| Due to related parties | 16 | **499** | 962 |
| Current portion of term loans | 17 | **5,632** | 5,618 |
| | | **164,691** | 113,678 |
| **Total liabilities** | | **187,075** | 139,339 |
| **TOTAL EQUITY AND LIABILITIES** | | **633,504** | 488,059 |

Director
31 October 2011

Director
31 October 2011

The attached notes 1 to 20 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
Period ended 30 September 2011 (Unaudited)

| | *Share capital AED'000* | *Statutory reserve AED'000* | *General reserve AED'000* | *Dividend equalization reserve AED'000* | *Plant replacement reserve AED'000* | *Fair value reserve AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|---|---|
| Balance as of 1 January 2011 | 60,000 | 30,000 | 149,241 | - | - | 48,273 | 61,206 | 348,720 |
| Total comprehensive income for the period | - | - | - | - | - | 35,548 | 92,161 | 127,709 |
| Dividends paid (Note 14) | - | - | - | - | - | - | (30,000) | (30,000) |
| Bonus share issue (Note 13) | 30,000 | - | - | - | - | - | (30,000) | - |
| **Balance as of 30 September 2011** | **90,000** | **30,000** | **149,241** | - | - | **83,821** | **93,367** | **446,429** |

The attached notes 1 to 20 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF CHANGES IN EQUITY
Period ended 30 September 2010 (Unaudited)

| | *Share capital AED'000* | *Statutory reserve AED'000* | *General reserve AED'000* | *Dividend equalization reserve AED'000* | *Plant replacement reserve AED'000* | *Fair value reserve AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|---|---|
| Balance as of 1 January 2010 | 60,000 | 24,682 | 7,062 | 31,962 | 45,200 | 45,085 | 85,335 | 299,326 |
| Total comprehensive income for the period | - | - | - | - | - | 2,918 | 45,347 | 48,265 |
| Transfer to general reserve | - | - | 142,179 | (31,962) | (45,200) | - | (65,017) | - |
| Transfer to statutory reserve | - | 5,318 | - | - | - | - | (5,318) | - |
| Dividends paid (Note 14) | - | - | - | - | - | - | (15,000) | (15,000) |
| Balance as of 30 September 2010 | 60,000 | 30,000 | 149,241 | - | - | 48,003 | 45,347 | 332,591 |

The attached notes 1 to 20 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF CASH FLOWS
Period ended 30 September 2011 (Unaudited)

| | Notes | *Nine months ended* *30 September 2011* *AED '000* | *30 September 2010* *AED '000* |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Profit for the period | | **92,161** | 45,347 |
| Adjustments for: | | | |
| Depreciation | | **14,763** | 15,323 |
| Amortisation of intangible assets | | **2,340** | 2,340 |
| Profit on disposal of property, plant and equipment | | **(26)** | (33) |
| Finance expense | | **1,480** | 1,479 |
| Finance income | | **(2,189)** | (2,342) |
| Dividend income | | **(3,889)** | (2,800) |
| Provision for employees' end of service benefits | | **2,280** | 3,160 |
| | | **106,920** | 62,474 |
| Working capital changes: | | | |
| Inventories | | **(20,078)** | (7,524) |
| Trade and other receivables | | **(27,740)** | (5,844) |
| Due from related parties | | **(1,693)** | 9,566 |
| Trade and other payables | | **51,462** | (9,822) |
| Due to related parties | | **(463)** | (4,551) |
| | | **108,408** | 44,299 |
| Employees' end of service benefits paid | | **(733)** | (1,030) |
| Finance income received | | **2,189** | 2,342 |
| Net cash from operating activities | | **109,864** | 45,611 |
| **INVESTING ACTIVITIES** | | | |
| Acquisition of property, plant and equipment | | **(17,757)** | (41,658) |
| Proceeds from disposal of property, plant and equipment | | **159** | 192 |
| Purchase of available for sale investments | 8 | **(7,368)** | - |
| Dividend income received | | **3,889** | 2,800 |
| Net cash used in investing activities | | **(21,077)** | (38,666) |
| **FINANCING ACTIVITIES** | | | |
| Net movement in term loan | | **(4,810)** | 20,562 |
| Net movement in fixed deposits under lien | | **-** | 10,205 |
| Dividends paid | 14 | **(30,000)** | (15,000) |
| Finance expense paid | | **(1,480)** | (1,479) |
| Net cash (used in) / from financing activities | | **(36,290)** | 14,288 |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | **52,497** | 21,233 |
| Cash and cash equivalents at 1 January | | **156,670** | 71,625 |
| **CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER** | 11 | **209,167** | 92,858 |

The attached notes 1 to 20 form part of these interim condensed financial statements.

## 1 ACTIVITIES

Dubai Refreshments (P.S.C) (the "Company") was incorporated in Dubai in 1959 by a Decree from 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.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

**Basis of preparation**
The interim condensed financial statements for the period ended 30 September 2011 have been prepared in accordance with IAS 34 *Interim Financial Reporting.*

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2010.

In addition, results for the period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2011.

**New standards, interpretations and amendments thereof, adopted by the Company**
The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

*IAS 24 Related Party Disclosures (Amendment)*
The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The adoption of this amendment did not have any impact on the financial position or performance of the Company.

*IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)*
The amendment to IAS 32 is effective for annual periods beginning on or after 1 February 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The adoption of this amendment did not have any impact on the financial position or performance of the Company.

*IFRIC 14 Prepayments of a minimum funding requirement (Amendment)*
The amendment to IFRIC 14 is effective for annual periods beginning on or after 1 January 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The adoption of this amendment did not have any impact on the financial position or performance of the Company.

*IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*
IFRIC 19 is effective for annual periods beginning on or after 1 October 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this amendment did not have any impact on the financial position or performance of the Company.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

**New standards, interpretations and amendments thereof, adopted by the Company (continued)**
***Improvements to IFRSs (issued in May 2010)***
The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have been adopted as they become effective for annual periods on or after either 1 October 2010 or 1 January 2011. The amendments are listed below:

IFRS 3 Business Combinations
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements
IFRIC 13 Customer Loyalty Programmes

The adoption of the above amendments did not have any impact on the financial position or performance of the Company.

The Company has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

## 3 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**Judgments**
In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant impact on the amounts recognised in the 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 income statement 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 Company has the intention and ability to hold these to maturity.

The Company 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 income statement 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 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

**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.

*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 applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were AED 67.65 million (31 December 2010: AED 50.06 million), and the provision for doubtful debts was AED 3.94 million (31 December 2010: AED 3.23 million). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the 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 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 41.01 million (31 December 2010: AED 36.03 million) with provisions for slow moving inventories of AED 1.53 million (31 December 2010: AED 1.87 million). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the income statement.

*Useful lives and depreciation of property, plant and equipment*

The management periodically reviews 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 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.

## 4 COST OF SALES

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| Raw material consumption | **474,669** | 397,459 | **182,588** | 134,314 |
| Staff costs | **14,326** | 13,406 | **4,963** | 4,716 |
| Depreciation | **5,925** | 5,023 | **2,003** | 2,014 |
| Others | **20,137** | 18,594 | **8,044** | 7,149 |
| | **515,057** | 434,482 | **197,598** | 148,193 |

## 5 SELLING AND DISTRIBUTION EXPENSES

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| Staff costs | **29,669** | 29,172 | **10,664** | 10,050 |
| Advertisement and marketing expenses | **26,964** | 20,741 | **10,843** | 7,660 |
| Rental charges | **13,198** | 13,316 | **4,848** | 4,256 |
| Depreciation | **6,865** | 8,210 | **2,065** | 2,780 |
| Fleet expenses | **4,782** | 3,898 | **2,132** | 1,576 |
| Others | **3,303** | 2,310 | **511** | 106 |
| | **84,781** | 77,647 | **31,063** | 26,428 |

## 6 GENERAL AND ADMINISTRATIVE EXPENSES

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| Staff costs | **15,574** | 12,927 | **5,349** | 4,547 |
| Depreciation | **1,973** | 2,090 | **578** | 723 |
| Utilities | **1,441** | 1,349 | **586** | 587 |
| Building maintenance expenses | **1,355** | 1,515 | **474** | 517 |
| Rental charges | **1,313** | 2,563 | **437** | 438 |
| Others | **9,190** | 8,363 | **2,668** | 2,321 |
| | **30,846** | 28,807 | **10,092** | 9,133 |

## 7 PROPERTY, PLANT AND EQUIPMENT

***Additions and disposal***

During the period ended 30 September 2011, the Company acquired assets amounting to AED 2.8 million (period ended 30 September 2010: AED 6.7 million) and incurred AED 14.9 million (period ended 30 September 2010: AED 34.9 million) for the construction of warehouse and new office building.

The Company made disposal of assets with an acquisition cost of AED 2.4 million (period ended 30 September 2010: AED 2 million).

## 8 AVAILABLE-FOR-SALE INVESTMENTS

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Opening balance | **60,143** | 56,955 |
| Additions during the period | **7,368** | - |
| Change in fair market value | **35,548** | 3,188 |
| Closing balance | **103,059** | 60,143 |

The Company's available-for-sale investments are held in equity securities listed on stock exchanges. Included in above are investments of 527,076 shares of Etisalat with a carrying value amount of AED 5.45 million, which are held in the name of late Mr. Humaid Al Owais in trust and for the benefit of the Company. These shares are in the process of being transferred in the name of a Director of the Company who will hold these shares in trust and for the beneficial interest of the Company.

## 9 INVENTORIES

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Raw material and consumable | **16,634** | 16,590 |
| Finished goods | **20,033** | 14,686 |
| Spare part and supplies | **4,419** | 4,756 |
| | **41,086** | 36,032 |
| Less: provision for slow moving inventory | **(1,527)** | (1,866) |
| | **39,559** | 34,166 |
| Goods in transit | **14,685** | - |
| | **54,244** | 34,166 |

## 10 TRADE AND OTHER RECEIVABLES

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Trade receivables | **67,652** | 50,058 |
| Less: provision for doubtful debts | **(3,940)** | (3,226) |
| | **63,712** | 46,832 |
| Prepaid expenses | **4,563** | 3,380 |
| Other receivables | **20,726** | 11,049 |
| | **89,001** | 61,261 |

## 11 CASH AND CASH EQUIVALENTS

For the purpose of the interim statement of cash flows, cash and cash equivalents are comprised of the following:

| | ***30 September 2011 AED'000*** | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Bank balances and cash | **209,167** | 156,670 |

## 12 TRADE AND OTHER PAYABLES

| | ***30 September 2011 AED'000*** | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Trade payables | **101,377** | 59,060 |
| Accrued expenses | **30,537** | 22,130 |
| Deferred income | **5,386** | - |
| Accrual for staff costs | **10,037** | 13,503 |
| Advances from customers | **8,376** | 8,332 |
| Other payables | **2,847** | 4,073 |
| | **158,560** | 107,098 |

## 13 SHARE CAPITAL

| | ***30 September 2011 AED'000*** | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| *Authorised issued and fully paid up:* | | |
| 90 million shares of AED 1 each (31 December 2010: 60 million shares of AED 1 each) | **90,000** | 60,000 |

The Annual General Meeting of the shareholders approved a bonus issue of 0.5 shares for every share held in the meeting dated 8 March 2011, thereby increasing the number of shares from 60 million to 90 million.

## 14 DIVIDENDS

During the Annual General Meeting held on 8 March 2011, the shareholders approved a cash dividend of AED 0.5 per share totaling to AED 30 million relating to 2010 (period ended 30 September 2010: AED 0.25 per share totaling to AED 15 million relating to 2009).

## 15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company of AED 92.2 million (period ended 30 September 2010: AED 45.3 million) by the weighted average number of shares outstanding during the period of 90 million (period ended 30 September 2010: 90 million).

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

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED*** | *30 September 2010 AED* | ***30 September 2011 AED*** | *30 September 2010 AED* |
| Earnings per share | **1.02** | 0.50 | **0.34** | 0.18 |

## 16 RELATED PARTY TRANSACTIONS AND BALANCES

### a Significant related party transactions with related parties:

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

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

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| Sales to a related party | **5,786** | 6,088 | **3,324** | 1,571 |
| Purchases from related parties | **4,987** | 3,348 | **1,587** | 1,052 |

**Compensation of key management personnel**

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

| | *Nine months ended* | | *Three months ended* | |
|---|---|---|---|---|
| | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* | ***30 September 2011 AED '000*** | *30 September 2010 AED '000* |
| Short-term benefits | **7,796** | 5,656 | **2,736** | 1,942 |
| Employees' end of service benefits | **341** | 320 | **118** | 220 |
| | **8,137** | 5,976 | **2,854** | 2,162 |

## 16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### b Due from related parties:

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| ***Other related party*** | | |
| Oman Refreshments Company Limited | **2,005** | 312 |

### c Due to related parties:

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| ***Other related party*** | | |
| Emirates Refreshments Company | **499** | 962 |

## 17 TERM LOANS

| | *30 September 2011 AED'000* | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Term loans availed | **14,924** | 19,734 |
| Less: current portion of term loans | **(5,632)** | (5,618) |
| Non-current portion | **9,292** | 14,116 |

During the prior period the Company obtained three term loans denominated in Euros to finance the purchasing 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 1.85% per annum. An economic hedge has been created through a series of forward foreign exchange contracts matching the repayment dates.

Plant and machinery having carrying value of AED 5.08 million has been assigned in favour of the bank.

## 18 OPERATING LEASE COMMITMENTS

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

| | ***30 September 2011 AED'000*** | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Within 1 year | **14,069** | 16,214 |
| After one year but not more than five years | **29,824** | 30,975 |
| More than 5 years | **146,940** | 121,005 |
| Total operating lease expenditure contracted for at the reporting date | **190,833** | 168,194 |

## 19 CONTINGENCIES AND CAPITAL COMMITMENTS

| | ***30 September 2011 AED'000*** | *31 December 2010 AED'000 (Audited)* |
|---|---|---|
| Bank guarantees | **103** | 3,393 |
| Capital commitments | **497,764** | 399,335 |

The Company's capital commitments mainly pertains to approved expenditure of AED 513 million (31 December 2010: AED 400 million) on office and plant facility (Greenfield project) at Dubai Investment Park.

## 20 SEGMENTS REPORTING

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

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

*a) Information about geographical segments*

During the period ended 30 September 2011, revenue from customers located in the Company's country of domicile (UAE) is AED 502 million (period ended 30 September 2010: AED 451 million) and revenue from customers outside UAE (foreign customers) is AED 211 million (period ended 30 September 2010: AED 135 million).

*b) Major customer*

During the period ended 30 September 2011, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.