

**Dubai Refreshments (P.J.S.C.) and  
its subsidiary**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2013**

## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DUBAI REFRESHMENTS (P.J.S.C.)**

### ***Introduction***

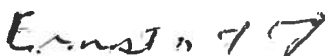
We have reviewed the accompanying interim condensed consolidated financial statements of Dubai Refreshments (P.J.S.C.) and its subsidiary (the “Group”) as at 31 March 2013, comprising the interim condensed consolidated statement of financial position as at 31 March 2013 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated 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 consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by  
Ali Issa  
Partner  
Registration No. 488  
25 April 2013  
Dubai, United Arab Emirates

Dubai Refreshments (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Period ended 31 March 2013 (Unaudited)

		<i>Quarter ended 31 March 2013 AED '000</i>	<i>Quarter ended 31 March 2012 AED '000</i>
	<i>Notes</i>		
Sales		184,926	216,218
Cost of sales	4	(124,459)	(153,577)
<b>GROSS PROFIT</b>		<b>60,467</b>	<b>62,641</b>
Other operating income		304	2,936
Selling and distribution expenses	5	(27,281)	(24,965)
General and administrative expenses	6	(10,924)	(9,113)
Amortisation of intangible assets		(780)	(780)
<b>OPERATING INCOME</b>		<b>21,786</b>	<b>30,719</b>
Finance income		496	468
Finance expense		(2,579)	(6)
Dividend income		6,798	4,230
Gain on sale of available-for-sale investments		1,957	-
Other income		210	450
<b>PROFIT FOR THE PERIOD</b>		<b>28,668</b>	<b>35,861</b>
Earnings per share in AED	15	<b>0.32</b>	<b>0.40</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME

Period ended 31 March 2013 (Unaudited)

		<i>Quarter ended 31 March 2013 AED '000</i>	<i>Quarter ended 31 March 2012 AED '000</i>
<b>Profit for the period</b>		<b>28,668</b>	<b>35,861</b>
<b>Other comprehensive income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Change in fair value of available-for-sale investments	8	3,744	2,566
Change in fair value of cash flow hedges		(1,576)	1,441
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		<b>2,168</b>	<b>4,007</b>
Gain on sale of available-for-sale investments recognised in income statement		(1,957)	-
<b>Other comprehensive income</b>		<b>211</b>	<b>4,007</b>
<b>Total comprehensive income for the period</b>		<b>28,879</b>	<b>39,868</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	31 March 2013 AED '000 (Unaudited)	31 December 2012 AED '000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	287,323	255,271
Intangible assets		31,194	31,974
Available-for-sale investments	8	182,302	184,816
		<u>500,819</u>	<u>472,061</u>
<b>Current assets</b>			
Inventories	9	71,194	60,743
Trade and other receivables	10	91,989	73,849
Advances to Greenfield contractors and suppliers		89,145	49,511
Bank balances and cash	11	262,687	292,396
		<u>515,015</u>	<u>476,499</u>
<b>TOTAL ASSETS</b>		<u><u>1,015,834</u></u>	<u><u>948,560</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	90,000	90,000
Statutory reserve		45,000	45,000
General reserve		226,403	226,403
Fair value reserve		146,442	144,655
Cash flow hedge reserve		(2,702)	(1,126)
Retained earnings		144,447	160,779
<b>Total equity</b>		<u>649,590</u>	<u>665,711</u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		15,830	15,671
Non-current portion of term loans	17	89,776	58,085
Non-current portion of amount payable for land conversion to freehold		8,661	11,548
		<u>114,267</u>	<u>85,304</u>
<b>Current liabilities</b>			
Trade and other payables	12	145,469	174,130
Current portion of term loans	17	27,094	12,265
Bank overdrafts	11	79,414	11,150
		<u>251,977</u>	<u>197,545</u>
<b>Total liabilities</b>		<u>366,244</u>	<u>282,849</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,015,834</u></u>	<u><u>948,560</u></u>

The interim condensed consolidated financial statements have been approved by the Board of Directors on 25 April 2013, and signed on their behalf by:

Director

Director

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2013 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	Fair value reserve AED '000	Cash flow hedge reserve AED '000	Retained earnings AED '000	Total AED '000
Balance as of 1 January 2013	90,000	45,000	226,403	144,655	(1,126)	160,779	665,711
Profit for the period	-	-	-	-	-	28,668	28,668
Other comprehensive income for the period	-	-	-	1,787	(1,576)	-	211
Total comprehensive income for the period	-	-	-	1,787	(1,576)	28,668	28,879
Dividends paid (Note 14)	-	-	-	-	-	(45,000)	(45,000)
<b>Balance as of 31 March 2013</b>	<b>90,000</b>	<b>45,000</b>	<b>226,403</b>	<b>146,442</b>	<b>(2,702)</b>	<b>144,447</b>	<b>649,590</b>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.J.S.C.) and its subsidiary

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2013 (Unaudited)

	Share capital AED '000	Statutory reserve AED '000	General reserve AED '000	value reserve AED '000	Fair hedge reserve AED '000	Cash flow Retained earnings AED '000	Total AED '000
Balance as of 1 January 2012	90,000	43,217	149,241	97,121	(779)	116,662	495,462
Profit for the period	-	-	-	-	-	35,861	35,861
Other comprehensive income for the period	-	-	-	2,566	1,441	-	4,007
Total comprehensive income for the period	-	-	-	2,566	1,441	35,861	39,868
Interim transfer to statutory reserve	-	1,783	-	-	-	(1,783)	-
Dividends paid (Note 14)	-	-	-	-	-	(36,000)	(36,000)
Balance as of 31 March 2012	90,000	45,000	149,241	99,687	662	114,740	499,330

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 31 March 2013 (Unaudited)

	<i>Notes</i>	<i>Quarter ended 31 March 2013 AED '000</i>	<i>Quarter ended 31 March 2012 AED '000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		28,668	35,861
Adjustments for:			
Depreciation		4,634	4,815
Amortisation of intangible assets		780	780
Profit on disposal of property, plant and equipment		(48)	(77)
Finance expense		2,579	6
Finance income		(496)	(468)
Dividend income		(6,798)	(4,230)
Provision for employees' end of service benefits		543	679
Gain on sale of available-for-sale investments		(1,957)	-
		<u>27,905</u>	<u>37,366</u>
Working capital changes:			
Inventories		(10,451)	(6,440)
Trade and other receivables		(11,342)	(23,782)
Trade and other payables		(33,386)	(16,210)
		<u>(27,274)</u>	<u>(9,066)</u>
Employees' end of service benefits paid		(384)	(287)
Net cash used in operating activities		<u>(27,658)</u>	<u>(9,353)</u>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	7	(32,924)	(2,941)
Proceeds from disposal of property, plant and equipment		48	88
Advances to Greenfield contractors and suppliers		(39,634)	(44,000)
Proceeds from sale of available-for-sale investments		6,258	-
Dividend income received		-	4,230
Finance income received		496	468
Net cash used in investing activities		<u>(65,756)</u>	<u>(42,155)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from term loans obtained		48,264	29,335
Repayment of term loans		(1,744)	(1,583)
Director fees paid		(3,500)	(3,500)
Dividends paid		(45,000)	(36,000)
Finance expense paid		(2,579)	(6)
Net cash used in financing activities		<u>(4,559)</u>	<u>(11,754)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(97,973)</b>	<b>(63,262)</b>
Cash and cash equivalents at 1 January		<u>281,246</u>	<u>280,400</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	11	<u><u>183,273</u></u>	<u><u>217,138</u></u>

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.



# Dubai Refreshments (P.J.S.C.) and its subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

### 1 ACTIVITIES

Dubai Refreshments (P.J.S.C.) (the “Company”) was incorporated in Dubai in 1959 by a decree issued by His Highness The Ruler of Dubai. The registered address of the Company is P. O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern emirates in the UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorization from Pepsi Cola International. The Company holds 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 period. The Company and its subsidiary together are referred to as the “Group”.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements for the three month period ended 31 March 2013 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The interim condensed consolidated 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 2012.

In addition, results for the three months ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

#### **New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2012, except for the adoption of the amended standards as of 1 January 2013, noted below:

#### *IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affected presentation only and had no impact on the Group’s financial position or performance.

#### *IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 20.

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

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

##### New standards, interpretations and amendments adopted by the Group (continued)

The following new amendments and standards did not have an impact on the interim condensed consolidated financial statements of the Group:

- IAS 1 Clarification of the requirement for comparative information (Amendment);
- IAS 32 Tax effects of distributions to holders of equity instruments (Amendment);
- IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment);
- IAS 19 Employee Benefits (Revised 2011);
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Government Loans (Amendments);
- IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7;
- IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements;
- IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures; and
- IFRS 12 Disclosure of Interests in Other Entities.

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

#### 3 OPERATING SEGMENT INFORMATION

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 operating segment is disclosed in the interim consolidated statement of financial position, interim consolidated income statement and notes to the interim condensed consolidated financial statements.

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

##### a) Information about geographical segments

During the quarter ended 31 March 2013, revenue from customers located in the Group's country of domicile (UAE) is AED 158,251 thousands (quarter ended 31 March 2012: AED 146,206 thousands) and revenue from customers outside UAE (foreign customers) is AED 26,675 thousands (quarter ended 31 March 2012: AED 70,012 thousands).

##### b) Major customer

During the period ended 31 March 2013, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group.

#### 4 COST OF SALES

	<i>Quarter ended 31 March 2013 AED'000</i>	<i>Quarter ended 31 March 2012 AED'000</i>
Direct material cost	112,621	141,913
Staff costs	4,612	4,546
Depreciation	1,944	1,967
Others	5,282	5,151
	<u>124,459</u>	<u>153,577</u>

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 5 SELLING AND DISTRIBUTION EXPENSES

	<i>Quarter ended 31 March 2013 AED'000</i>	<i>Quarter ended 31 March 2012 AED'000</i>
Staff costs	9,867	9,270
Advertisement and marketing expenses	6,620	6,275
Rental charges	4,451	4,529
Depreciation	1,998	2,203
Fleet expenses	1,307	1,302
Others	3,038	1,386
	<u>27,281</u>	<u>24,965</u>

#### 6 GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Quarter ended 31 March 2013 AED'000</i>	<i>Quarter ended 31 March 2012 AED'000</i>
Staff costs	5,281	4,384
Rental charges	1,105	438
Depreciation	692	645
Building maintenance expenses	488	332
Utilities	423	248
Others	2,935	3,066
	<u>10,924</u>	<u>9,113</u>

#### 7 PROPERTY, PLANT AND EQUIPMENT

##### *Additions and disposal*

During the quarter ended 31 March 2013, the Group acquired assets amounting to AED 1,326 thousands (quarter ended 31 March 2012: AED 1,364 thousands) and incurred AED 35,360 thousands (quarter ended 31 March 2012: AED 1,577 thousands) for the construction of a warehouse and a new office building and production facility.

Assets with a net book value of AED Nil were disposed of by the Group during the quarter ended 31 March 2013 (quarter ended 31 March 2012: AED 11 thousands), resulting in a net gain on disposal of AED 48 thousands (quarter ended 31 March 2012: AED 77 thousands).

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 8 AVAILABLE-FOR-SALE INVESTMENTS

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Opening balance	184,816	116,359
Additions during the year	-	21,750
Change in fair market value	3,744	50,870
Disposals during the period/year	(6,258)	(4,163)
Closing balance	<u>182,302</u>	<u>184,816</u>

The Group's available-for-sale investments are held in equity securities listed on various stock exchanges. Included in the above are investments in 47,916 shares of Etisalat with a carrying amount of AED 467 thousands, which were held in the name of the late Mr. Humaid Al Owais in trust and for the benefit of the Group. These shares are in the process of being transferred in the name of a Director of the Group who will hold them in trust for the beneficial interest of the Group.

#### 9 INVENTORIES

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Raw material and consumable	42,698	34,798
Finished goods	24,961	22,347
Spare part and supplies	5,060	5,123
	<u>72,719</u>	<u>62,268</u>
Less: provision for slow moving inventory	(1,525)	(1,525)
	<u>71,194</u>	<u>60,743</u>

#### 10 TRADE AND OTHER RECEIVABLES

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Trade receivables	62,785	56,413
Less: provision for doubtful debts	(3,167)	(3,167)
	<u>59,618</u>	<u>53,246</u>
Prepaid expenses	11,595	10,388
Due from a related party (Note 16)	457	648
Other receivables	20,319	9,567
	<u>91,989</u>	<u>73,849</u>

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 11 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Cash at bank and on hand	74,404	105,641
Short-term deposits	188,283	186,755
	<u>262,687</u>	<u>292,396</u>
Bank balances and cash	262,687	292,396
Bank overdrafts	(79,414)	(11,150)
	<u>183,273</u>	<u>281,246</u>
Cash and cash equivalents	<u>183,273</u>	<u>281,246</u>

#### 12 TRADE AND OTHER PAYABLES

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Trade payables	72,944	87,864
Accrued expenses	27,234	25,313
Amount payable for land conversion to freehold	11,547	11,547
Deferred income	3,917	4,222
Advances from customers	7,287	6,638
Retentions payable	7,171	3,515
Accrual for staff costs	6,604	15,281
Accrual for project costs (Note 21)	3,762	13,475
Financial instruments at fair value through other comprehensive income	2,702	779
Due to a related party (Note 16)	1,115	697
Financial instruments at fair value through profit or loss	109	269
Other payables	1,077	4,530
	<u>145,469</u>	<u>174,130</u>

#### 13 SHARE CAPITAL

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
<i>Authorised issued and fully paid up:</i>		
90 million shares of AED 1 each	<u>90,000</u>	<u>90,000</u>

## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 14 DIVIDENDS

During the Annual General Meeting held on 25 February 2013, the shareholders approved a cash dividend of AED 0.50 per share totaling to AED 45 million relating to 2012 (quarter ended 31 March 2012: AED 0.4 per share totaling AED 36 million relating to 2011).

#### 15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company amounting to AED 28,668 thousands (quarter ended 31 March 2012: AED 35,861 thousands) by the weighted average number of shares outstanding during the period of 90 million shares (quarter ended 31 March 2012: 90 million shares).

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

#### 16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent 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 interim consolidated income statement are as follows:

	<i>Quarter ended 31 March 2013 AED'000</i>	<i>Quarter ended 31 March 2012 AED'000</i>
Sales to a related party	1,647	1,889
Purchases from related parties	1,473	1,319

##### Compensation of key management personnel

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

	<i>Quarter ended 31 March 2013 AED'000</i>	<i>Quarter ended 31 March 2012 AED'000</i>
Short-term benefits	2,860	2,178
Employees' end of service benefits	197	48
Directors' sitting fees	150	170

##### b Due from a related party (Note 10):

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
<i>Other related party</i> Oman Refreshments Company Limited	457	648

Dubai Refreshments (P.J.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

16 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c Due to a related party (Note 12):

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
<i>Other related party</i>		
Emirates Refreshments (P.S.C.)	<u>1,115</u>	<u>697</u>

17 TERM LOANS

	<i>Current portion AED'000</i>	<i>Non-current portion AED'000</i>	<i>Total AED'000</i>
Loan 1 (a)	3,263	2,660	5,923
Loan 2 (b)	11,431	68,586	80,017
Loan 3 (c)	12,400	18,530	30,930
<b>Balance at 31 March 2013</b>	<u><b>27,094</b></u>	<u><b>89,776</b></u>	<u><b>116,870</b></u>
Balance at 31 December 2012	<u>12,265</u>	<u>58,085</u>	<u>70,350</u>

(a) In 2010, the Group 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 4.5 million has been assigned in favour of the banks.

(b) During the period, the Group availed a term loan from a local bank amounting to AED 17,334 thousands (quarter ended 31 March 2012: AED 29,335 thousands) to finance the construction of an office and plant facility (Greenfield Project) at the Dubai Investment Park out of the total AED 250 million approved facility. The term loan is repayable in 14 half yearly equal instalments starting on June 2013 and ending on December 2019 and carries interest at 6 months EIBOR plus 2.5% per annum with a minimum of 4% per annum.

(c) During the period, the Group also obtained a term loan from a local bank amounting to AED 30,930 thousands for the purpose of payment to Dubai Electricity and Water Authority for Greenfield project. The loan is repayable in 30 monthly equal instalments starting April 2013 and carries interest of 4% per annum.



## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 18 OPERATING LEASE COMMITMENTS

The Group leases land, staff accommodations, office and warehouse premises and vehicles under operating lease arrangements. 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:

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Within 1 year	15,656	14,870
After one year but not more than five years	25,866	27,973
More than 5 years	139,471	140,654
Total operating lease expenditure contracted for at the reporting date	<u>180,993</u>	<u>183,497</u>

#### 19 CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>31 March 2013 AED'000</i>	<i>31 December 2012 AED'000 (Audited)</i>
Bank guarantees	103	103
Letters of credit	-	869
Capital commitments - contracted	378,085	331,134
Capital commitments – uncontracted	<u>149,380</u>	<u>231,921</u>

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

#### 20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

##### Fair value hierarchy

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



## Dubai Refreshments (P.J.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2013 (Unaudited)

#### 20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

##### Assets measured at fair value

	<i>31 March 2013</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	<u>182,302</u>	<u>182,302</u>	<u>-</u>	<u>-</u>

##### Liabilities measured at fair value

	<i>31 March 2013</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Financial instruments at fair value through profit or loss	109	-	109	-
Financial instruments at fair value through other comprehensive income	<u>2,702</u>	<u>-</u>	<u>2,702</u>	<u>-</u>

As at 31 December 2012, the Group held the following financial instruments measured at fair value:

##### Assets measured at fair value

	<i>31 Dec 2012</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	<u>184,816</u>	<u>184,816</u>	<u>-</u>	<u>-</u>

##### Liabilities measured at fair value

	<i>31 Dec 2012</i> <i>AED'000</i>	<i>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>
Financial instruments at fair value through profit or loss	269	-	269	-
Financial instruments at fair value through other comprehensive income	<u>779</u>	<u>-</u>	<u>779</u>	<u>-</u>

During the period ended 31 March 2013 and year ended 31 December 2012, there were no transfers between the various levels of fair value measurements.

#### 21 NON-CASH TRANSACTION

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

	<i>Note</i>	<i>Quarter ended</i> <i>31 March</i> <i>2013</i> <i>AED'000</i>	<i>Quarter ended</i> <i>31 March</i> <i>2012</i> <i>AED'000</i>
Accrual for project costs	12	<u>3,762</u>	<u>-</u>