

Dubai Refreshments (PSC)

**Condensed interim financial information
for the nine month period ended 30 September 2008**

Dubai Refreshments (PSC)

Condensed interim financial information for the nine month period ended 30 September 2008

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Report on review of condensed interim financial information to the directors and shareholders of Dubai Refreshments (PSC)

Introduction

We have reviewed the accompanying condensed interim balance sheet of Dubai Refreshments (PSC) ("the Company") as of 30 September 2008 and the related condensed interim income statement for the three and nine month periods ended 30 September 2008, and the condensed interim statement of changes in equity and condensed interim cash flow statement for the nine month period then ended, prepared for legal filing purposes. The management is responsible for the preparation and presentation of this condensed interim financial information set out on pages 2 to 12 in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

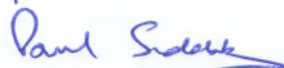
We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for 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 and consequently 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

9 November 2008



Paul Suddaby

Registered Auditor Number 309

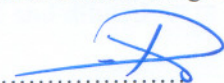
Dubai, United Arab Emirates

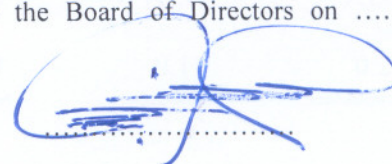
Dubai Refreshments (PSC)

Condensed interim balance sheet

	Note	30 September 2008 AED'000	31 December 2007 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		140,225	133,158
Intangible assets		52,478	56,136
Available-for-sale financial assets		61,941	81,471
		<u>254,644</u>	<u>270,765</u>
Current assets			
Inventories		43,688	37,117
Trade and other receivables		83,983	107,656
Financial assets at fair value through profit or loss		1,104	8,963
Cash and cash equivalents	5	3,017	2,506
		<u>131,792</u>	<u>156,242</u>
Total assets		<u>386,436</u>	<u>427,007</u>
EQUITY			
Capital and reserves			
Share capital	6	60,000	50,000
Statutory reserve	7	20,031	20,031
General reserve		7,062	7,062
Dividend equalisation reserve		31,962	31,962
Plant replacement reserve		45,200	45,200
Fair value reserve		50,072	68,856
Retained earnings		65,100	64,228
Total equity		<u>279,427</u>	<u>287,339</u>
LIABILITIES			
Non-current liability			
Provision for employees' end of service benefits		10,288	7,960
Current liabilities			
Trade and other payables	9	61,692	50,653
Deferred revenue		278	1,109
Bank borrowings	8	-	20,711
Bank overdraft	5	34,751	59,235
		<u>96,721</u>	<u>131,708</u>
Total liabilities		<u>107,009</u>	<u>139,668</u>
Total equity and liabilities		<u>386,436</u>	<u>427,007</u>

This condensed interim financial information was approved by the Board of Directors on November 2008 and signed on their behalf by:

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The notes on pages 6 to 12 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Condensed interim income statement

	Note	<u>Three months ended</u>		<u>Nine months ended</u>	
		30 September 2008 AED'000	30 September 2007 AED'000	30 September 2008 AED'000	30 September 2007 AED'000
Sales		180,485	144,868	467,198	395,973
Cost of sales		(135,828)	(110,536)	(355,638)	(300,785)
Gross profit		44,657	34,332	111,560	95,188
Other operating income		277	1,344	832	1,950
		44,934	35,676	112,392	97,138
Expenses					
Selling and distribution		(27,775)	(19,310)	(78,246)	(63,665)
General and administrative		(9,527)	(7,668)	(26,131)	(22,877)
Amortisation of intangible assets		(1,223)	(1,224)	(3,658)	(3,657)
Operating profit		6,409	7,474	4,357	6,939
Dividend income		474	-	1,955	2,062
Net other income		347	5,856	852	7,293
Net realised gain on disposal of available for sale financial assets transferred from condensed interim statement of changes in equity		12	-	5,043	-
Net interest expense		(566)	(1,024)	(1,335)	(3,562)
Profit for the period		6,676	12,306	10,872	12,732
		AED	AED	AED	AED
Earnings per share					
Basic and diluted	10	0.11	0.21	0.18	0.21

The notes on pages 6 to 12 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Condensed interim statement of changes in equity

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Dividend equalisation reserve AED'000	Plant replacement reserve AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2007	40,000	17,921	7,062	31,962	45,200	53,855	56,134	252,134
Profit for the period	-	-	-	-	-	-	12,732	12,732
Net unrealised gain on available for sale financial assets	-	-	-	-	-	3,465	-	3,465
Issue of bonus shares	10,000	-	-	-	-	-	(10,000)	-
At 30 September 2007	<u>50,000</u>	<u>17,921</u>	<u>7,062</u>	<u>31,962</u>	<u>45,200</u>	<u>57,320</u>	<u>58,866</u>	<u>268,331</u>
At 1 January 2008	50,000	20,031	7,062	31,962	45,200	68,856	64,228	287,339
Profit for the period	-	-	-	-	-	-	10,872	10,872
Net unrealised loss on available for sale financial assets	-	-	-	-	-	(13,741)	-	(13,741)
Net realised gain on disposal of available for sale financial asset transferred to condensed interim income statement	-	-	-	-	-	(5,043)	-	(5,043)
Issue of bonus shares	10,000	-	-	-	-	-	(10,000)	-
At 30 September 2008	<u><u>60,000</u></u>	<u><u>20,031</u></u>	<u><u>7,062</u></u>	<u><u>31,962</u></u>	<u><u>45,200</u></u>	<u><u>50,072</u></u>	<u><u>65,100</u></u>	<u><u>279,427</u></u>

The notes on pages 6 to 12 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Condensed interim cash flow statement

	Note	1 January to 30 September 2008 AED'000	1 January to 30 September 2007 AED'000
Operating activities			
Net profit for the period		10,872	12,732
Adjustments for:			
Depreciation		17,555	17,143
Profit on sale of investment property		-	(5,521)
Profit on sale of property, plant and equipment		(37)	(178)
Provision for employees' end of service benefits		2,863	1,716
Provision for impairment of receivables		1,350	750
Transfer from deferred revenue		(831)	(908)
Gain on sale of financial assets at fair value through profit or loss		(140)	(1,617)
Gain on sale of available for sale financial assets		(5,043)	-
Dividend income		(1,955)	(2,062)
Interest expense		1,335	3,562
Amortisation of intangible assets		3,658	3,657
Operating cash flows before changes in working capital and payment of employees' end of service benefits		29,627	29,274
Payment of employees' end of service benefits		(535)	(508)
Changes in working capital:			
Inventories		(6,571)	7,869
Trade and other receivables before movement in provision		22,323	(11,444)
Trade and other payables	9	11,039	(19,525)
Net cash provided by operating activities		55,883	5,666
Investing activities			
Purchase of property, plant and equipment	3	(26,417)	(32,384)
Purchase of available for sale financial assets		(368)	-
Additions to investment property		-	(27)
Proceeds from disposal of property, plant and equipment		1,832	178
Dividend received		1,955	2,062
Proceeds from disposal of available for sale financial assets		6,157	-
Proceeds from disposal of financial assets at fair value through profit or loss		7,999	-
Proceeds from disposal of investment property		-	750
Net cash used in investing activities		(8,842)	(29,421)
Financing activities			
(Repayment of)/Proceeds from bank borrowings		(20,711)	6,735
Interest paid		(1,335)	(3,562)
Net cash (used in)/provided by financing activities		(22,046)	3,173
Net increase / (decrease) in cash and cash equivalents		24,995	(20,582)
Cash and cash equivalents, beginning of the period		(56,729)	(58,489)
Cash and cash equivalents, end of the period	5	(31,734)	(79,071)

The notes on pages 6 to 12 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008

1 Establishment and operations

Dubai Refreshments (PSC) ("the Company"), was incorporated in Dubai in 1959 by a decree of His Highness, The Ruler of Dubai. The registered address of the Company is P.O. Box 420, Dubai, United Arab Emirates (UAE).

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates. The Company owns 7Up and Aquafina bottling and selling rights for the whole of the UAE.

The Company is listed on the Dubai Financial Market.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this condensed interim financial information are as follows:

2.1 Basis of preparation

The condensed interim financial information is prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The accounting policies applied in the preparation of the condensed interim financial information are consistent with those used in the financial statements for the year ended 31 December 2007.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

This condensed interim financial information should be read in conjunction with the financial statements for the year ended 31 December 2007.

New standards, interpretations and amendments to published standards and interpretations effective in 2008 or later

Management has assessed the relevance of the interpretations and amendments to published standards effective from 1 January 2008 with respect to the Company's operations and concluded that they are either not relevant to the Company or do not have any significant impact on its financial position or the result of its operations except as follows:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IFRS 8, 'Operating segments' (effective from 1 January 2009);
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008)

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The application of the above standards and interpretations will be reflected in the Company's financial statements for the year ending 31 December 2008.

Dividend income

Dividend income is recognised when the dividend is declared and the right to receive it is established.

Intangible assets - Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired at the date of acquisition. Goodwill on acquisition is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

3 Capital expenditures

The Company has incurred capital expenditures as follows:

	1 January to 30 September 2008 AED'000	1 January to 30 September 2007 AED'000
Building improvements	3,382	2,168
Plant, machinery and equipment	7,201	4,770
Motor vehicles	681	2,612
Coolers	1,547	2,691
Furniture and fixtures	54	151
Capital work in progress	13,552	19,992
	<u>26,417</u>	<u>32,384</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

4 Segment reporting

The Company operates in one business segment of canning, bottling, distribution, and trading in soft drinks and related beverage products in the United Arab Emirates. All the relevant information relating to the primary segment is disclosed in the condensed interim balance sheet, condensed interim income statement and notes to the condensed interim financial information.

5 Cash and cash equivalents

	30 September 2008 AED'000	31 December 2007 AED'000
Cash at bank	2,597	2,098
Cash on hand	420	408
Cash and cash equivalents	<u>3,017</u>	<u>2,506</u>

Cash and cash equivalents include the following for the purposes of the condensed interim cash flow statement:

	30 September 2008 AED'000	31 December 2007 AED'000
Cash and cash equivalents (as above)	3,017	2,506
Bank overdraft	(34,751)	(59,235)
	<u>(31,734)</u>	<u>(56,729)</u>

The bank balances are maintained with local commercial banks. Bank overdraft is unsecured and carries an annual interest rate of 6.5% (2007: 6.5%).

6 Share capital

	30 September 2008 AED'000	31 December 2007 AED'000
Authorised, issued and fully paid		
60,000,000 shares (2007: 50,000,000 shares) of AED 1 each	<u>60,000</u>	<u>50,000</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

7 Statutory reserve

In accordance with Article 192 of the UAE Commercial Companies Law of 1984, as amended, and the Company's articles of association, 10% of the net profit for each year is required to be transferred to a statutory reserve until the statutory reserve reaches 50% of the paid up share capital. No allocation to statutory reserve has been made for the period ended 30 September 2008 as this will be affected at the year-end based on the Company's results for the year ending 31 December 2008.

8 Bank borrowings

Bank borrowings comprise of trust receipts. They are unsecured and carry an annual interest rate of 6.5% (2007: 6.5%). The carrying amounts of borrowings approximate their fair value and are denominated in UAE Dirhams.

9 Trade and other payables

	30 September 2008 AED'000	31 December 2007 AED'000
Trade payables	39,171	32,769
Accrued expenses	9,947	4,832
Accrued staff benefits	6,159	6,193
Amounts due to related parties (Note 11)	924	3,011
Due to directors	88	900
Other payables	5,403	2,948
	<u>61,692</u>	<u>50,653</u>

10 Earnings per share

Basic earning per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period (30 September 2008: 60,000,000 shares; 30 September 2007: 50,000,000 shares). The bonus issue of shares are considered to be made at the beginning of the earliest period presented for the purpose of computation of weighted average number of ordinary shares. There are no dilutive instruments outstanding at the period end.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

11 Related party transactions and balances

Related parties comprise shareholders, directors and any businesses that are controlled, directly or indirectly, by the directors of the Company (hereinafter referred to as "affiliates").

During the period, the Company entered into the following significant transactions with related parties in the ordinary course of business. These transactions were carried out at prices and on terms applicable to non-related parties for similar transactions.

	1 January to 30 September 2008 AED'000	1 January to 30 September 2007 AED'000
Key management remuneration	<u>5,020</u>	<u>6,017</u>
Sales to affiliate		
Oman Refreshments Company Limited	<u>1,550</u>	<u>10,791</u>
Purchases from affiliates		
Nasser Bin A A Al Serkal	-	158
Al Tajir Glass Industry	274	14,916
Al Yousuf Motors	431	199
National Refreshments Company (LLC)	853	7,316
Genavco	924	627
Oman Refreshments Company Limited	<u>2,508</u>	<u>-</u>
	<u>4,990</u>	<u>23,216</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

11 Related party transactions and balances (continued)

	30 September 2008 AED'000	31 December 2007 AED'000
Due from a related party		
Oman Refreshments Company Limited	1,549	794

Balance due from a related party is included in trade and other receivables.

	30 September 2008 AED'000	31 December 2007 AED'000
Due to related parties in respect of purchases		
Al Tajir Glass Industry	-	5
National Refreshments Company (LLC)	-	760
Oman Refreshments Company Limited	-	1,298
Genavco	924	948
	<u>924</u>	<u>3,011</u>

Balances due to related parties are included in trade and other payables.

12 Commitments

12.1 Capital commitments

The directors have authorised future capital expenditures amounting to AED 8,624,000 as at 30 September 2008 (31 December 2007: AED 21,489,000). The Company is in the process of expanding its production facility.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2008 (continued)

12 Commitments (continued)

12.2 Operating lease commitment

The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

	30 September 2008 AED'000	31 December 2007 AED'000
Not later than 1 year	110	490
Later than 1 year and not later than 5 years	1,704	1,704
Later than 5 years	4,180	4,180
	<u>5,994</u>	<u>6,374</u>

