

Dubai Refreshments (PSC)

Condensed interim financial statements
30 September 2010

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Independent auditors' report on review of condensed interim financial information

The Shareholders
Dubai Refreshments (PSC)

Introduction

We have reviewed the accompanying condensed statement of financial position of Dubai Refreshments (PSC) ("the Company") as at 30 September 2010, the condensed income statement and condensed statements of comprehensive income, cash flows and changes in equity for the nine month period then ended ("the condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The interim financial information of the Company for the period ended 30 September 2009, was reviewed by another auditor whose report dated 28 October 2009, expressed an unqualified review conclusion. Furthermore, the financial statements of the Company as of 31 December 2009, were audited by another auditor whose report dated 4 February 2010, expressed an unqualified opinion on those statements.

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 the 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 as at 30 September 2010 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

07 NOV 2010

Vijendranath Malhotra
Registration No. 48B
Dubai, United Arab Emirates

Dubai Refreshments (PSC)

Condensed income statement for the nine month period ended 30 September 2010

	Note	Three month period ended 30 September (Unaudited) 2010 AED'000		2009 AED'000		Nine month period ended 30 September (Unaudited) 2010 AED'000		2009 AED'000	
Revenue			199,674		187,534		586,004		529,980
Cost of sales	4		(147,290)		(141,904)		(433,009)		(403,451)
Gross profit			52,384		45,630		152,995		126,529
Selling and distribution expenses	5		(25,262)		(22,529)		(75,364)		(78,248)
Administrative and general expenses	6		(10,720)		(10,094)		(33,886)		(27,314)
Amortisation of intangibles			(780)		(780)		(2,340)		(2,375)
Finance income			848		558		2,342		709
Finance expense			(548)		(497)		(1,479)		(1,276)
Dividend income			132		120		2,800		2,066
Other income			93		43		279		72
Profit for the period			16,147		12,451		45,347		20,163
Earnings per share			0.27		0.21		0.76		0.34

The notes set out on pages 8 to 13 form part of the condensed interim financial statements.

Dubai Refreshments (PSC)

Condensed statement of comprehensive income
for the nine month period ended 30 September 2010

	Three month period ended		Nine month period ended	
	30 September (Unaudited)		30 September (Unaudited)	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
Profit for the period	16,147	12,451	45,347	20,163
Other comprehensive income:				
Net change in fair value of available for sale investments	1,825	3,279	2,918	6,627
Total comprehensive income for the period	17,972	15,730	48,265	26,790

The notes set out on pages 8 to 13 form part of the condensed interim financial statements.

Dubai Refreshments (PSC)

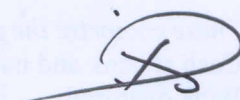
Condensed statement of financial position

		Unaudited 30 September 2010 Note AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Property, plant and equipment	7	133,989	107,813	105,494
Intangible assets		38,994	41,334	42,114
Available for sale investment	8	59,873	56,955	60,064
Due from a related party	12	-	6,500	6,500
Current assets				
Inventories	9	46,477	38,953	51,982
Trade and other receivables	10	68,010	62,166	78,677
Due from related parties	12	7,181	10,247	10,712
Cash at bank and in hand		116,113	80,624	75,248
Fixed deposits under lien		-	10,205	-
		237,781	202,195	216,619
Current liabilities				
Trade and other payables	11	81,848	91,670	99,915
Due to related parties	12	77	4,628	3,581
Current portion of term loans	13	4,774	-	-
Bank overdrafts		23,255	8,999	25,762
		109,954	105,297	129,258
Net current assets		127,827	96,898	87,361
Non current portion of term loans	13	(15,788)	-	-
Employees' end of service benefits		(12,304)	(10,174)	(10,045)
Net assets		332,591	299,326	291,488
Represented by				
Share capital		60,000	60,000	60,000
Statutory reserve		30,000	24,682	21,471
General reserve		149,241	7,062	7,062
Dividend equalisation reserve		-	31,962	31,962
Plant replacement reserve		-	45,200	45,200
Fair value reserve		48,003	45,085	48,194
Retained earnings		45,347	85,335	77,599
		332,591	299,326	291,488

The condensed interim financial statements was authorised for issue on behalf of the Board of Directors on 07 NOV 2010



Director



Director

The notes set out on pages 8 to 13 form part of the condensed interim financial statements.

Dubai Refreshments (PSC)

Condensed statement of cash flows
for the nine month period ended 30 September 2010

	Unaudited 30 September 2010 AED'000	Unaudited 30 September 2009 AED'000
Operating activities		
Profit for the period	45,347	20,163
<i>Adjustment for:</i>		
Depreciation	15,323	18,751
Amortisation of intangible assets	2,340	2,375
(Gain)/loss on disposal of property, plant and equipment	(33)	421
Gain on financial assets at fair value through profit or loss	-	(161)
Finance expense	1,479	1,276
Provision for employees' end of service benefits	3,160	1,591
<i>Operating profit before working capital changes</i>	<u>67,616</u>	<u>44,416</u>
Change in inventories	(7,524)	(11,319)
Change in trade and other receivables	(5,844)	(10,110)
Change in due from related parties	9,566	1,510
Change in trade and other payables	(9,822)	26,818
Change in due to related parties	(4,551)	2,049
Employees' end of service benefits paid	(1,030)	(1,884)
<i>Net cash from operating activities</i>	<u>48,411</u>	<u>51,480</u>
Investing activities		
Acquisition of property, plant and equipment	(41,658)	(13,139)
Proceeds from disposal of property, plant and equipment	192	13,997
Proceeds from disposal of financial assets at fair value through Profit or loss	-	398
<i>Net cash (used in)/from investing activities</i>	<u>(41,466)</u>	<u>1,256</u>
Financing activities		
Term loans availed (net)	20,562	-
Net movement in fixed deposits under lien	10,205	-
Dividend paid	(15,000)	(9,000)
Finance expense paid	(1,479)	(1,276)
<i>Net cash from/(used in) financing activities</i>	<u>14,288</u>	<u>(10,276)</u>
Net increase in cash and cash equivalents	<u>21,233</u>	<u>42,460</u>
Cash and cash equivalents at beginning of the year	71,625	7,026
Cash and cash equivalents at end of the period	<u>92,858</u>	<u>49,486</u>
<i>These comprise the following:</i>		
Cash at bank and in hand	116,113	75,248
Bank overdraft	(23,255)	(25,762)
Cash and cash equivalents at end of the period	<u>92,858</u>	<u>49,486</u>

The notes set out on pages 8 to 13 form part of the condensed interim financial statements.

Dubai Refreshments (PSC)

Condensed statement of changes in equity

for the nine month period ended 30 September 2010 (Unaudited)

	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 2009	60,000	21,471	7,062	31,962	45,200	41,567	66,436	273,698
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-		20,163	20,163
Other comprehensive income								
Fair value adjustment on available for sale investment	-	-	-	-	-	6,627	-	6,627
Total comprehensive income for the period	-	-	-	-	-	6,627	20,163	26,790
Transactions with owners, recorded directly in equity								
Dividend paid	-	-	-	-	-	-	(9,000)	(9,000)
Total contributions by and distribution to owners	-	-	-	-	-	-	(9,000)	(9,000)
At 30 September 2009	<u>60,000</u>	<u>21,471</u>	<u>7,062</u>	<u>31,962</u>	<u>45,200</u>	<u>48,194</u>	<u>77,599</u>	<u>291,488</u>

Dubai Refreshments (PSC)

Condensed statement of changes in equity (continued)
for the nine month period ended 30 September 2010 (Unaudited)

	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 2010	60,000	24,682	7,062	31,962	45,200	45,085	85,335	299,326
Total comprehensive income for the year								
Profit for the period	-	-	-	-	-	-	45,347	45,347
Other comprehensive income								
Fair value adjustment on available for sale investment	-	-	-	-	-	2,918	-	2,918
Total comprehensive income for the period	-	-	-	-	-	2,918	45,347	48,265
Transactions with owners, recorded directly in equity								
Transfer to general reserve	-	-	142,179	(31,962)	(45,200)	-	(65,017)	-
Transfer to statutory reserve	-	5,318	-	-	-	-	(5,318)	-
Dividend paid	-	-	-	-	-	-	(15,000)	(15,000)
Total contributions by and distribution to owners	-	5,318	142,179	(31,962)	(45,200)	-	(85,335)	(15,000)
At 30 September 2010	60,000	30,000	149,241	-	-	48,003	45,347	332,591

Shareholders passed a resolution in Annual General Meeting held on 28 February 2010 to transfer the dividend equalisation reserve, plant replacement reserve and part of retained earnings to general reserve.

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements

for the nine month period ended 30 September 2010

1 Reporting entity

Dubai Refreshments (PSC) ("the Company") is a Public Shareholding Company, incorporated in Dubai in 1959 by a Decree from His Highness, The Ruler of Dubai.

The Company is engaged in bottling and selling of Pepsi Cola International products in Dubai, Sharjah and the other Northern Emirates of the UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorisation from Pepsi Cola International. The Company holds the 7up and Aquafina bottling and selling rights for the whole of the UAE. The registered address of the Company is P.O.Box 420, Dubai, United Arab Emirates (UAE).

The Company is listed on the Dubai Financial Market (DFM).

2 Basis of preparation and significant accounting policies

The condensed interim financial statements have been prepared in accordance with the International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2009.

The condensed financial statements of the Company, presented in UAE Dirhams ("AED"), which is the Company's functional currency, rounded to the nearest thousand, have been prepared under the historical cost convention, except for financial instruments classified as available for sale are stated at fair value.

The accounting policies applied in the preparation of the condensed financial statements are consistent with those applied in the annual financial statements of the Company for the year ended 31 December 2009.

3 Accounting estimates and judgements

The preparation of interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the financial statements as at and for the year ended 31 December 2009.

4 Cost of sales

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Raw material consumption	135,831	130,607	401,522	371,050
Staff costs	2,992	2,748	9,564	10,787
Depreciation	2,835	3,106	7,392	7,785
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements (*continued*)
for the nine month period ended 30 September 2010

5 Selling and distribution expenses

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	9,705	8,157	29,259	27,647
Advertisement and marketing expenses	7,404	5,318	20,401	23,129
Rental charges	4,436	5,208	13,316	8,909
Depreciation	1,959	2,237	5,841	8,895
Fleet expenses	1,395	373	3,898	5,221
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6 Administrative and general expenses

	Three month period ended 30 September (Unaudited)		Nine month period ended 30 September (Unaudited)	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
<i>These include:</i>				
Staff costs	6,662	5,704	17,287	14,146
Office Utilities	2,229	2,354	6,858	6,625
Rental charges	438	42	2,563	878
Building maintenance expenses	517	367	1,515	1,223
Depreciation	722	618	2,090	1,859
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7 Property, plant and equipment

Additions and disposals (Unaudited)

During the nine month period ended 30 September 2010, the Company acquired assets amounting to AED 6.7 million (*period ended 30 September 2009: AED 11.6 million*) and incurred AED 34.9 million on capital work in progress (*period ended 30 September 2009: AED 1.5 million*). Also the Company made disposal of gross assets amounting to AED 2 million (*period ended 30 September 2009: AED 57.1 million*).

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements (*continued*)
for the nine month period ended 30 September 2010

8 Available for sale investments

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Opening balance	56,955	53,437	53,437
Gain on fair valuation	2,918	3,518	6,627
	=====	=====	=====
Closing balance	59,873	56,955	60,064
	=====	=====	=====

All the investments in available for sale financial assets are held in equity securities listed on the stock exchanges. Included in above are investments of 527,076 shares of Etisalat with a carrying amount of AED 5,666,067 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 to 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

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Raw materials and consumable	28,548	18,033	19,247
Finished goods	14,553	14,376	16,909
Spare parts and supplies	4,784	4,296	4,109
	=====	=====	=====
	47,885	36,705	40,265
Less: Provision for slow moving inventory	(1,418)	(1,418)	(967)
	=====	=====	=====
	46,467	35,287	39,298
Goods in transit	10	3,666	12,684
	=====	=====	=====
	46,477	38,953	51,982
	=====	=====	=====

10 Trade and other receivables

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Trade receivables	59,202	53,101	63,191
Less: Provision for bad and doubtful debts	(4,359)	(3,026)	(3,026)
	=====	=====	=====
	54,843	50,075	60,165
Other receivables and prepayments	13,167	12,091	18,512
	=====	=====	=====
	68,010	62,166	78,677
	=====	=====	=====

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements (*continued*)
for the nine month period ended 30 September 2010

11 Trade and other payables

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Trade payable	48,752	58,514	54,888
Other payables and accruals	33,096	33,156	45,021
	<u>81,848</u>	<u>91,670</u>	<u>99,909</u>

12 Related party transactions and balances

Significant related party transactions are as follows:

	Three month period ended 30 September (Unaudited) 2010 AED'000		Nine month period ended 30 September (Unaudited) 2010 AED'000	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
Sales to related parties	1,571	1,101	6,088	4,390
Purchases from related parties	1,052	3,741	3,348	13,061
Gain on disposal of group assets	-	-	-	1,187
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,187</u>

The compensation to key management is as follows:

	Three month period ended 30 September (Unaudited) 2010 AED'000		Nine month period ended 30 September (Unaudited) 2010 AED'000	
	2010	2009	2010	2009
	AED'000	AED'000	AED'000	AED'000
Employee benefits (including remuneration)	2,162	1,141	5,976	3,931
	<u>2,162</u>	<u>1,141</u>	<u>5,976</u>	<u>3,931</u>

Due from related parties

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Jeema Mineral Water (PSC)	7,181	10,000	10,000
Oman Refreshments Company Limited	-	247	712
	<u>7,181</u>	<u>10,247</u>	<u>10,712</u>

Long term receivable from a related party

Jeema Mineral Water (PSC)	-	6,500	6,500
	<u>-</u>	<u>6,500</u>	<u>6,500</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements (*continued*)
for the nine month period ended 30 September 2010

12 Related party transactions and balances (continued)

Due to related parties	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Jeema Mineral Water (PSC)	-	4,592	3,327
Al Tajir Glass Industry	-	36	254
Oman Refreshments Company Limited	77	-	-
	<u>77</u>	<u>4,628</u>	<u>3,581</u>

13 Term loans

	Unaudited 30 September 2010 AED'000	Audited 31 December 2009 AED'000	Unaudited 30 September 2009 AED'000
Term loans availed	20,562	-	-
Less: current portion of term loans	(4,774)	-	-
Non current portion	<u>15,788</u>	<u>-</u>	<u>-</u>

During the current 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 carries interest at 6 months EURIBOR plus 1.85% per annum. An economic foreign currency hedge has been created through a series of forward foreign exchange contracts matching the repayment dates.

14 Earnings per share

	Unaudited Nine month period ended 30 September 2010	Unaudited Nine month period ended 30 September 2009
Earnings per share in AED	<u>0.76</u>	<u>0.34</u>

15 Operating lease commitments

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

	Unaudited 30 September 2010 AED'000	Unaudited 30 September 2009 AED'000
Less than 1 year	16,214	14,841
Later than 1 year and no later than 5 years	33,697	46,361
Later than 5 years	<u>29,407</u>	<u>64,765</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial statements (*continued*)
for the nine month period ended 30 September 2010

16 Contingent liabilities and capital commitments

	Unaudited 30 September 2010 AED'000	Unaudited 30 September 2009 AED'000
Bank guarantees	3,373	25,708
Capital commitments	<u>402,844</u>	<u>31,480</u>

17 Segment 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 statement of financial position, condensed income statement and notes to the condensed financial statements.

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

a) Information about geographical segments

During the period ended 30 September 2010, revenue from customers located in the Company's country of domicile (UAE) is AED 451 million (*period ended 30 September 2009: AED 449 million*) and revenue from customers outside UAE (foreign customers) is AED 135 million (*period ended 30 September 2009: AED 81 million*).

b) Major customer

During the period ended 30 September 2010, there were no customers of the Company with revenues greater than 10% of the total revenue of the Company.

18 Seasonality of business impacting the results for the period (quarters)

Due to seasonal nature of the business of the Company, the results of operations of certain quarters, which fall in off peak periods may be substantially different from other quarters, which fall in the peak season (i.e. during summer season). Therefore, revenues from operations may not be evenly distributed over the four quarters of the same year and thus the results of operations of each quarter may not be comparable to the other quarters of the same year.