Dubai Refreshments (PSC)

Condensed interim financial information
for the nine month period ended 30 September 2007

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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 2007 and the related condensed interim income statement for the three and nine month periods ended 30 September 2007, 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 14 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.

Basis for qualified conclusion

As explained in more detail in Note 5 to the condensed interim financial information, the Company has accounted for the disposal of an investment property and recognised a gain of AED 5,521,000 in the income statement for the three month and nine month periods ended 30 September 2007. Based on information provided to us by the management, the significant risks and rewards in relation to the investment property including the legal title have not been transferred to the buyer at 30 September 2007. As a result, the investment property should not be recorded as having been disposed off and no gain on disposal should be recognised. Instead, the investment property which is accounted for using the cost model should be classified and accounted for as non current asset held for sale in accordance with "IFRS 5- Non-current Assets Held for Sale and Discontinued Operations". Accordingly the profit for the period and trade and other receivables are overstated by AED 5,521,000 and AED 7,500,000 respectively and non current asset held for sale and trade and other payables are understated by AED 2,729,000 and AED 750,000 respectively.

Qualified conclusion

Based on our review, with the exception of the matter described in preceding paragraph, 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
November 2007

Amin H Nasser
Registered Auditor Number 307
Dubai, United Arab Emirates

Condensed interim balance sheet

	Notes	30 September 2007 AED'000	31 December 2006 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		108,694	93,355
Investment property	5	-	2,800
Intangible assets		57,360	61,017
Available-for-sale financial assets		69,935	66,470
		235,989	223,642
Current assets			
Inventories		41,796	49,665
Trade and other receivables		129,208	111,014
Financial assets at fair value through profit or loss		6,184	4,567
Cash and cash equivalents	6	2,442	2,420
		179,630	167,666
Total assets		415,619	391,308
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	7	50,000	40,000
Statutory reserve		17,921	17,921
General reserve		7,062	7,062
Dividend equalisation reserve		31,962	31,962
Plant replacement reserve		45,200	45,200
Fair value reserve		57,320	53,855
Retained earnings		58,866	56,134
		268,331	252,134
Non-current liabilities			
Provision for employees' end of service benefits		8,147	6,939
Deferred revenue		1,413	2,321
		9,560	9,260
Current liabilities			
Trade and other payables	9	42,373	61,898
Bank overdraft	6	81,513	60,909
Bank borrowings	10	13,842	7,107
		137,728	129,914
Total liabilities		147,288	139,174
Total equity and liabilities		415,619	391,308

This condensed interim financial information was approved by the Board of Directors on …..November 2007 and signed on their behalf by:

……………………… ………………………

Director Director

Condensed interim income statement

	Note	Three months ended 30 September 2007 AED'000	Three months ended 30 September 2006 AED'000	Nine months ended 30 September 2007 AED'000	Nine months ended 30 September 2006 AED'000
Sales		144,868	131,413	395,973	353,563
Cost of sales		(110,536)	(93,136)	(300,785)	(256,485)
Gross profit		34,332	38,277	95,188	97,078
Other operating income		1,344	505	1,950	3,435
		35,676	38,782	97,138	100,513
Expenses					
Selling and distribution		(19,310)	(23,125)	(63,665)	(62,217)
General and administrative		(7,668)	(6,750)	(22,877)	(20,669)
Amortisation of intangible assets		(1,224)	(1,184)	(3,657)	(3,494)
Operating profit		7,474	7,723	6,939	14,133
Dividend income		-	76	2,062	2,244
Other income/(expense)		5,856	442	7,293	(1,714)
Interest expense		(1,024)	(1,332)	(3,562)	(3,148)
Profit for the period		12,306	6,909	12,732	11,515
Earning per share					
Basic and diluted	11	0.25	0.14	0.25	0.23

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 2006	40,000	15,909	7,062	31,962	45,200	66,010	48,024	254,167
Profit for the period	-	-	-	-	-	-	11,515	11,515
Net unrealised loss on available-for-sale financial assets	-	-	-	-	-	(8,036)	-	(8,036)
Dividend paid	-	-	-	-	-	-	(10,000)	(10,000)
At 30 September 2006	40,000	15,909	7,062	31,962	45,200	57,974	49,539	247,646
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	50,000	17,921	7,062	31,962	45,200	57,320	58,866	268,331

The notes on pages 6 to 14 form an integral part of the condensed interim financial information

Condensed interim cash flow statement

	Notes	1 January to 30 September 2007 AED'000	1 January to 30 September 2006 AED'000
Operating activities			
Profit for the period		12,732	11,515
Adjustments for:			
Depreciation/amortisation		17,143	15,437
Profit on sale of investment property		(5,521)	-
Profit on sale of property, plant and equipment		(178)	(43)
Provision for employees' end of service benefits		1,716	1,687
Provision for impairment of receivables		750	530
Transfer from deferred revenue		(908)	(1,087)
Fair value loss/(gain) on financial assets at fair value through profit or loss		(1,617)	2,181
Dividend income		(2,062)	(2,244)
Interest expense		3,562	3,148
Amortisation of intangible assets		3,657	3,637
Operating cash flows before changes in working capital and payment of employees' end of service benefits		29,274	34,761
Payment of employees' end of service benefits		(508)	(530)
Changes in working capital:			
Inventories		7,869	(10,633)
Trade and other receivables before movement in provision		(11,444)	(33,470)
Trade and other payables		(19,525)	(11,283)
Net cash provided by / (used in) operating activities		5,666	(21,155)
Investing activities			
Acquisition	12	-	(27,000)
Purchase of property, plant and equipment		(32,384)	(18,599)
Additions to investment property		(27)	-
Purchase of intangible assets		-	(190)
Purchase of financial assets at fair value through profit or loss		-	(1,855)
Proceeds from disposal of investment property		750	-
Proceeds from disposal of property, plant and equipment		178	109
Dividend received		2,062	2,244
Net cash used in investing activities		(29,421)	(45,291)
Financing activities			
Bank borrowings		6,735	16,463
Dividend paid		-	(10,000)
Interest paid		(3,562)	(3,148)
Directors' fees paid		-	(900)
Net cash provided by financing activities		3,173	2,415
Net decrease in cash and cash equivalents		(20,582)	(64,031)
Cash and cash equivalents, beginning of the period		(58,489)	13,663
Cash and cash equivalents, end of the period	6	(79,071)	(50,368)

The notes on pages 6 to 14 form an integral part of the condensed interim financial information

Notes to the condensed interim financial information for the nine month period ended 30 September 2007

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

This condensed interim financial information is prepared in accordance with International Accounting Standards "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 annual financial statements for the year ended 31 December 2006.

Costs that incur unevenly during the financial year are anticipated or deferred in the interim report only if it would be also 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 2006.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

New standards, interpretations and amendments to published standards and interpretations effective in 2007 or later.

Management has assessed the relevance of the interpretations and amendments to published standards effective from 1 January 2007 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 it's financial position or the result of its operations except as follows:

IFRS 7 – Financial Instruments: Disclosures, and a complementary amendment to International Accounting Standard ("IAS") 1, Presentation of Financial Statements – Capital Disclosures (effective 1 January 2007). IFRS 7 requires disclosures relating to the nature and risks arising from financial instruments. The Company has assessed the impact of IFRS 7 and the amendments to IAS 1 and has concluded that additional disclosures of significance will be required in respect of terms and conditions of pledges on financial assets, concentration of risk on financial instruments, maturity analysis of the financial liabilities and sensitivity analysis to market risk and the disclosures required by the amendments to IAS 1 relating to management of capital.

The application of IFRS 7 and IAS 1 will be reflected in the Company's financial statements for the year ending 31 December 2007.

2.2 Dividend income

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

2.3 Business combination

The purchase method of accounting is used to account for acquisitions made by the company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets including intangible assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

2 Summary of significant accounting policies (continued)

2.4 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 expenditure

The Company has incurred capital expenditures as follows:

	1 January to 30 September 2007 AED'000	1 January to 30 September 2006 AED'000
Buildings	2,168	324
Plant, machinery and equipment	4,770	6,519
Motor vehicles	2,612	2,454
Coolers	2,691	8,632
Furniture and fixtures	151	670
Capital work in progress	19,992	-
	32,384	18,599

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 Investment property

	Land AED'000	**Building** AED'000	**Total** AED'000
Cost			
At 1 January 2007	677	3,329	4,006
Additions during the period	-	27	27
Disposal for the period	(677)	(3,356)	(4,033)
At 30 September 2007	-	-	-
Depreciation			
At 1 January 2007	-	1,206	1,206
Charge for the period	-	98	98
Disposal during the period	-	(1,304)	(1,304)
At 30 September 2007	-	-	-
Net book amount			
At 30 September 2007	-	-	-

The Company entered into an agreement to sell its investment property on 2 August 2007 and received a deposit of AED 750,000 from the buyer. As per the agreement, the Company is required to transfer the legal title to the buyer within 45 days of the agreement. On this basis, the investment property has been accounted for as having been sold and gain of AED 5,521,000 has been recognised in this condensed interim financial information. The title deed in the investment property could not be transferred within 45 days and as a result on 16 September 2007, the Company and the buyer have agreed to an addendum to the original agreement. The addendum provides that the title deed should be transferred to the buyer within 4 months from the date of the addendum, failing which the original sale agreement will stand cancelled and the buyer would lease the investment property from the Company.

The management is currently in the process of completing the legal formalities in relation to transfer of title.

6 Cash and cash equivalents

	30 September 2007 AED'000	31 December 2006 AED'000
Cash at bank	2,122	1,537
Cash on hand	320	883
Cash at bank and in hand	2,442	2,420
Less: Bank overdraft	(81,513)	(60,909)
Cash and cash equivalents	(79,071)	(58,489)

The bank balances are maintained with local commercial banks. At 30 September 2007 the overdraft carried an interest rate of EIBOR + 1% per annum. The effective interest ranged between 5%- 6.25% per annum.

7 Share capital

	30 September 2007 AED'000	31 December 2006 AED'000
Authorised, issued and fully paid		
50,000,000 shares of AED 1 each (2006: 400,000 shares of AED 100 each)	50,000	40,000

At an extraordinary general meeting held on 28 June 2007, the shareholders approved an increase in authorised share capital from AED 40,000,000 to AED 50,000,000 and a share split of 1:100. In the meeting the bonus issue of 10,000,000 shares of AED 1 each, following the share split, was also approved. The increase in authorised share capital and the split of shares along with the bonus issue took place on 11 July 2007.

8 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 2007 as this would be affected at the year-end based on the company's results for the year ending 31 December 2007.

9 Trade and other payables

	30 September 2007 AED'000	31 December 2006 AED'000
Trade payables	30,274	49,678
Accrued expenses	5,346	4,668
Accrued staff benefits	4,283	4,749
Due to directors	-	900
Other payables	2,470	1,903
	42,373	61,898

10 Bank borrowings

At 30 September 2007, the bank borrowings comprised of trust receipts, which carried interest ranging between 6.00% - 6.50% per annum.

11 Earnings per share

Basic earnings 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 2007: 50,000,000 shares; 30 September 2006: 400,000 shares). The share split and 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.

12 Acquisition

During the period ended 30 September 2006, the Company acquired a water bottling plant along with all the related facilities, for its existing Aquafina brand. The purchase consideration of AED 27 million has been allocated as follows:

	31 December 2006 AED'000
Property, plant and equipment	19,570
Intangible asset	2,157
Goodwill	5,273
Purchase consideration paid in cash	27,000

Notes to the condensed interim financial information for the nine month period ended 30 September 2007 (continued)

13 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 2007 AED'000	1 January to 30 September 2006 AED'000
Key management remuneration	6,017	4,000
Sales to affiliates		
Oman Refreshments Company Limited	10,791	8,261
Purchases from affiliates		
Al Tajir Glass Industry	14,916	17,972
National Refreshments Company (LLC)	7,316	5,770
Al Yousuf Motors	199	876
Nasser Bin A A Al Serkal	158	198
Genavco	627	39
	23,216	24,855

	30 September 2007 AED'000	31 December 2006 AED'000
Due from related parties		
Oman Refreshments Company Limited	2,807	2,445

Balances due from related parties are included in trade and other receivables.

13 Related party transactions and balances (continued)

	30 September 2007 AED'000	31 December 2006 AED'000
Due to related parties in respect of purchases		
Al Tajir Glass Industry	321	717
National Refreshments Company (LLC)	152	778
Al Yousuf Motors	4	484
Nasser Bin A A Al Serkal	33	38
Genavco	-	1
	510	2,018

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

14 Commitments

14.1 Capital commitments

The directors have authorised future capital expenditure amounting to AED 19,236,136 at 30 September 2007 (31 December 2006: AED 57,500,000).

14.2 Operating lease commitments

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

	30 September 2007 AED'000	31 December 2006 AED'000
Not later than 1 year	870	870
Later than 1 year and not later than 5 years	1,704	1,704
Later than 5 years	3,800	4,180
	6,374	6,754

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2007 (continued)

14 Commitments (continued)

14.3 Operational commitment

	30 September 2007 AED'000	31 December 2006 AED'000
Letters of credit issued in the normal course of business	80,868	-

14.4 Guarantees

Letters of guarantees issued in the normal course of business	53,648	-