

Dubai Refreshments (PSC)

**Condensed interim financial information
for the six month period ended 30 June 2006**

Dubai Refreshments (PSC)

Condensed interim financial information for the six month period ended 30 June 2006

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Review report to the directors of Dubai Refreshments (PSC)

We have reviewed the accompanying condensed interim balance sheet of Dubai Refreshments (PSC) (“the company”) as at 30 June 2006 and the related condensed interim statements of income, changes in equity and cash flows for the six month period then ended, prepared for local filing purposes. This condensed interim financial information set out on pages 2 to 9 is the responsibility of the company's management. Our responsibility is to report on this condensed interim financial information based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed interim financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information of the company, as at and for the period ended 30 June 2006, is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
25 September 2006

Paul Suddaby
Registered Auditor Number 309

Dubai Refreshments (PSC)

Condensed interim balance sheet

	Notes	30 June 2006 AED'000	31 December 2005 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		87,267	68,305
Investment property		2,883	2,966
Intangible assets		63,381	58,253
Available-for-sale financial assets		90,488	78,625
		<u>244,019</u>	<u>208,149</u>
Current assets			
Inventories		41,553	30,022
Trade and other receivables		102,440	72,064
Financial assets at fair value through profit or loss		5,127	5,830
Cash at bank and in hand	3	1,237	13,663
		<u>150,357</u>	<u>121,579</u>
Total assets		<u>394,376</u>	<u>329,728</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5	40,000	40,000
Statutory reserve		15,909	15,909
General reserve		7,062	7,062
Dividend equalisation reserve		31,962	31,962
Plant replacement reserve		45,200	45,200
Fair value reserve		77,873	66,010
Retained earnings		42,630	48,024
		<u>260,636</u>	<u>254,167</u>
Non-current liabilities			
Provision for employees' end of service benefits		5,852	5,390
Deferred revenue		3,019	3,757
		<u>8,871</u>	<u>9,147</u>
Current liabilities			
Trade and other payables		53,829	66,414
Bank overdraft	3	71,040	-
		<u>124,869</u>	<u>66,414</u>
Total liabilities		<u>133,740</u>	<u>75,561</u>
Total equity and liabilities		<u>394,376</u>	<u>329,728</u>

This condensed interim financial information was approved by the Board of Directors on 25 September 2006 and signed on their behalf by:

.....
Director

.....
Director

The notes on pages 6 to 9 form an integral part of this condensed interim financial information.

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Dubai Refreshments (PSC)

Condensed interim statement of income

	Note	<u>Three months ended</u>		<u>Six months ended</u>	
		30 June 2006 AED'000	30 June 2005 AED'000	30 June 2006 AED'000	30 June 2005 AED'000
Sales		131,380	108,556	222,150	183,145
Cost of sales		(96,187)	(77,776)	(163,349)	(132,179)
Gross profit		35,193	30,780	58,801	50,966
Other operating income		705	448	2,930	1,030
		35,898	31,228	61,731	51,996
Expenses					
Selling and distribution		(21,094)	(17,878)	(39,092)	(32,757)
General and administration		(7,897)	(4,950)	(13,919)	(9,541)
Amortisation of intangible assets		(1,160)	(780)	(2,310)	(1,560)
Operating profit		5,747	7,620	6,410	8,138
Dividend income		443	1,960	2,168	1,960
Other (expense)/income		(1,053)	59	(2,156)	1,428
Interest expense		(963)	(1,645)	(1,816)	(1,687)
Profit for the period		4,174	7,994	4,606	9,839
		AED	AED	AED	AED
Earnings per share					
Basic and diluted	4	10.44	19.99	11.52	24.60

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	Proposed issue of bonus shares AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2005	26,158	13,079	7,062	31,962	45,200	28,358	13,842	24,353	190,014
Profit for the period	-	-	-	-	-	-	-	9,839	9,839
Net unrealised gains on available for sale investment	-	-	-	-	-	20,275	-	-	20,275
Issue of bonus shares	13,842	-	-	-	-	-	(13,842)	-	-
At 30 June 2005	40,000	13,079	7,062	31,962	45,200	48,633	-	34,192	220,128
At 1 January 2006	40,000	15,909	7,062	31,962	45,200	66,010	-	48,024	254,167
Profit for the period	-	-	-	-	-	-	-	4,606	4,606
Net unrealised gains on available for sale investment	-	-	-	-	-	11,863	-	-	11,863
Dividends paid (Note 5)	-	-	-	-	-	-	-	(10,000)	(10,000)
At 30 June 2006	40,000	15,909	7,062	31,962	45,200	77,873	-	42,630	260,636

The notes on pages 6 to 9 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Condensed interim statement of cash flows

	Notes	1 January to 30 June 2006 AED'000	1 January to 30 June 2005 AED'000
Operating activities			
Net profit for the period		4,606	9,839
Adjustments for:			
Depreciation		9,817	6,800
(Profit)/loss on sale of property, plant and equipment		(38)	83
Provision for employees' end of service benefits		876	1,141
Provision for impairment of receivables		400	266
Transfer from deferred revenue		(738)	(1,030)
Fair value loss/(gain) on financial assets at fair value through profit or loss		2,558	(1,237)
Dividend income		(2,168)	(1,960)
Interest expense		1,816	1,687
Amortisation of intangible assets		2,400	1,560
		<u>19,529</u>	<u>17,149</u>
Operating cash flows before changes in working capital and payment of employees' end of service benefits		19,529	17,149
Payment of employees' end of service benefits		(414)	(289)
Changes in working capital:			
Inventories		(11,531)	(11,798)
Trade and other receivables before movement in provision		(30,776)	(20,956)
Trade and other payables		(11,685)	(10,033)
		<u>(34,877)</u>	<u>(25,927)</u>
Net cash used in operating activities		<u>(34,877)</u>	<u>(25,927)</u>
Investing activities			
Acquisition	6	(27,000)	-
Purchase of property, plant and equipment		(9,190)	(6,822)
Purchase of intangible assets		(98)	(413)
Purchase of financial assets at fair value through profit or loss		(1,855)	(735)
Proceeds from disposal of property, plant and equipment		102	79
Proceeds from sale of financial assets at fair value through profit or loss		-	2,935
Contribution received towards the cost of property, plant and equipment		-	563
Dividend received		2,168	1,960
		<u>(35,873)</u>	<u>(2,433)</u>
Net cash used in investing activities		<u>(35,873)</u>	<u>(2,433)</u>
Financing activities			
Dividend paid		(10,000)	-
Interest paid		(1,816)	(1,687)
Directors' fees paid		(900)	(340)
		<u>(12,716)</u>	<u>(2,027)</u>
Net cash used in financing activities		<u>(12,716)</u>	<u>(2,027)</u>
Net decrease in cash and cash equivalents		<u>(83,466)</u>	<u>(30,387)</u>
Cash and cash equivalents, beginning of the period		13,663	18,726
Cash and cash equivalents, end of the period	3	<u>(69,803)</u>	<u>(11,661)</u>

The notes on pages 6 to 9 form an integral part of this condensed interim financial information.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the six month period ended 30 June 2006

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.

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 used 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 2005.

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 2005.

Interpretations and amendments to published standards effective in 2006

Management has assessed the relevance of the interpretations and amendments to published standards effective in 2006 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.

2.2 Dividend income

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

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the six month period ended 30 June 2006 (continued)

2 Summary of significant accounting policies (continued)

2.3 Business combination

The purchase method of accounting is used to account for acquisition's 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.

2.4 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 Cash and cash equivalents

	30 June 2006 AED'000	31 December 2005 AED'000
Cash at bank	546	13,399
Cash on hand	691	264
	<u>1,237</u>	<u>13,663</u>
Less: Bank overdraft	(71,040)	-
Cash and cash equivalents	<u>(69,803)</u>	<u>13,663</u>

The bank balances are maintained with local commercial banks. At 30 June 2006 the overdraft carried an interest rate of EIBOR + 1% per annum. The effective interest ranged between 5% - 6.25% per annum.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the six month period ended 30 June 2006 (continued)

4 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 June 2006: 400,000 shares; 30 June 2005: 400,000 shares).

5 Share capital

	30 June 2006 AED'000	31 December 2005 AED'000
Authorised, issued and fully paid		
400,000 shares (2005: 400,000) of AED 100 each	40,000	40,000

In the annual general meeting held on 20 April 2006, the Shareholders approved a dividend of AED 25 per share amounting to AED 10 million for the year ended 31 December 2005, which was paid before the period end.

6 Acquisition

During the period ended 30 June 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 provisionally allocated as follows:

	AED'000
Property, plant and equipment	19,570
Intangible asset	2,157
Goodwill	5,273
Purchase consideration	27,000

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the six month period ended 30 June 2006 (continued)

7 Commitments

7.1 Capital commitments

The directors have authorised future capital expenditure amounting to AED 2,360,000 (31 December 2005: AED 38,550,000)

7.2 Operating lease commitment

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

	30 June 2006 AED'000	31 December 2005 AED'000
Not later than 1 year	717	717
Later than 1 year and not later than 5 years	1,814	1,814
Later than 5 years	4,560	4,560
	<u>7,091</u>	<u>7,091</u>

7.3 Operational commitment

Letters of credit issued in the normal course of business	<u>603</u>	<u>2,398</u>
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