

Dubai Refreshments (PSC)

**Condensed interim financial information
for the nine month period ended 30 September 2006**

Dubai Refreshments (PSC)

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Review report to the board of directors and shareholders of Dubai Refreshments (PSC)

We have reviewed the accompanying condensed interim balance sheet of Dubai Refreshments (PSC) (“the company”) as at 30 September 2006 and the related condensed interim statement of income for the three and nine month periods ended 30 September 2006 and the condensed interim statements of changes in equity and cash flows for the nine month period then ended (“the period”), prepared for local filing purposes. This condensed interim financial information set out on pages 2 to 11 is the responsibility of the company's management. Our responsibility is to issue a 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 September 2006 is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
30 October 2006

Amin H Nasser
Registered Auditor Number 307

Dubai Refreshments (PSC)

Condensed interim balance sheet

| | Notes | 30 September 2006 AED'000 | 31 December 2005 AED'000 |
|---|-------|---------------------------------|--------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 91,095 | 68,305 |
| Investment property | | 2,841 | 2,966 |
| Intangible assets | | 62,237 | 58,253 |
| Available-for-sale financial assets | | 70,589 | 78,625 |
| | | <u>226,762</u> | <u>208,149</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | | 5,504 | 5,830 |
| Inventories | | 40,655 | 30,022 |
| Trade and other receivables | | 105,004 | 72,064 |
| Cash at bank and in hand | 4 | 2,719 | 13,663 |
| | | <u>153,882</u> | <u>121,579</u> |
| Total assets | | <u>380,644</u> | <u>329,728</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | 6 | 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 | | 57,974 | 66,010 |
| Retained earnings | | 49,539 | 48,024 |
| | | <u>247,646</u> | <u>254,167</u> |
| Non-current liabilities | | | |
| Provision for employees' end of service benefits | | 6,547 | 5,390 |
| Deferred revenue | | 2,670 | 3,757 |
| | | <u>9,217</u> | <u>9,147</u> |
| Current liabilities | | | |
| Trade and other payables | | 54,231 | 66,414 |
| Bank borrowings | | 69,550 | - |
| | | <u>123,781</u> | <u>66,414</u> |
| Total liabilities | | <u>132,998</u> | <u>75,561</u> |
| Total equity and liabilities | | <u>380,644</u> | <u>329,728</u> |

This condensed interim financial information was approved by the Board of Directors on 30 October 2006 and signed on their behalf by:

.....
Director

.....
Director

The notes on pages 6 to 11 form an integral part of the condensed interim financial information

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Dubai Refreshments (PSC)

Condensed interim statement of income

| | Note | Three months ended | | Nine months ended | |
|-------------------------------------|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | | 30 September 2006 AED'000 | 30 September 2005 AED'000 | 30 September 2006 AED'000 | 30 September 2005 AED'000 |
| Sales | | 131,413 | 114,099 | 353,563 | 297,244 |
| Cost of sales | | (93,136) | (80,621) | (256,485) | (212,800) |
| Gross profit | | 38,277 | 33,478 | 97,078 | 84,444 |
| Other operating income | | 505 | 473 | 3,435 | 1,503 |
| | | <u>38,782</u> | <u>33,951</u> | <u>100,513</u> | <u>85,947</u> |
| Expenses | | | | | |
| Selling and distribution | | (23,125) | (18,330) | (62,217) | (51,087) |
| General and administration | | (6,750) | (5,653) | (20,669) | (15,194) |
| Amortisation of intangible asset | | (1,184) | (780) | (3,494) | (2,340) |
| Operating profit | | <u>7,723</u> | <u>9,188</u> | <u>14,133</u> | <u>17,326</u> |
| Dividend income | | 76 | 60 | 2,244 | 2,020 |
| Other income/(expense) | | 442 | 4,398 | (1,714) | 5,826 |
| Interest expense | | (1,332) | (1,171) | (3,148) | (2,858) |
| Profit for the period | | <u>6,909</u> | <u>12,475</u> | <u>11,515</u> | <u>22,314</u> |
| Earning per share (AED) | | | | | |
| Basic and diluted | 5 | <u>17.27</u> | <u>31.19</u> | <u>28.79</u> | <u>55.79</u> |

Dubai Refreshments (PSC)

Condensed interim statement of changes in equity for the nine month period ended 30 September 2006

| | 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 | - | - | - | - | - | - | - | 22,314 | 22,314 |
| Net unrealised loss on available-for-sale financial assets | - | - | - | - | - | 37,544 | - | - | 37,544 |
| Issue of bonus shares | 13,842 | - | - | - | - | - | (13,842) | - | - |
| Transfer to statutory reserve | - | 2,231 | - | - | - | - | - | (2,231) | - |
| As at 30 September 2005 | 40,000 | 15,310 | 7,062 | 31,962 | 45,200 | 65,902 | - | 44,436 | 249,872 |
| 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) |
| Dividends paid (Note 6) | - | - | - | - | - | - | - | (10,000) | (10,000) |
| As at 30 September 2006 | 40,000 | 15,909 | 7,062 | 31,962 | 45,200 | 57,974 | - | 49,539 | 247,646 |

The notes on pages 6 to 11 form an integral part of the condensed interim financial information

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Dubai Refreshments (PSC)

Condensed interim statement of cash flows

| | Notes | 1 January to 30 September 2006 AED'000 | 1 January to 30 September 2005 AED'000 |
|--|-------|---|---|
| Operating activities | | | |
| Profit for the period | | 11,515 | 22,314 |
| Adjustments for: | | | |
| Depreciation | | 15,437 | 11,300 |
| (Profit)/loss on sale of property, plant and equipment | | (43) | 83 |
| Provision for employees' end of service benefits | | 1,687 | 1,485 |
| Provision for impairment of receivables | | 530 | 467 |
| Transfer from deferred revenue | | (1,087) | (1,503) |
| Fair value loss/(gain) on financial assets at fair value through profit or loss | | 2,181 | (5,455) |
| Dividend income | | (2,244) | (2,020) |
| Interest expense | | 3,148 | 2,858 |
| Amortisation of intangible assets | | 3,637 | 2,340 |
| | | <u>34,761</u> | <u>31,869</u> |
| Operating cash flows before changes in working capital and payment of employees' end of service benefits | | 34,761 | 31,869 |
| Payment of employees' end of service benefits | | (530) | (451) |
| Changes in working capital: | | | |
| Inventories | | (10,633) | (17,256) |
| Trade and other receivables before movement in provision | | (33,470) | (18,251) |
| Trade and other payables | | (11,283) | (7,622) |
| | | <u>(21,155)</u> | <u>(11,711)</u> |
| Net cash used in operating activities | | <u>(21,155)</u> | <u>(11,711)</u> |
| Investing activities | | | |
| Acquisition | 8 | (27,000) | - |
| Purchase of property, plant and equipment | | (18,599) | (11,301) |
| Purchase of intangible assets | | (190) | (854) |
| Purchase of available for sale financial assets | | - | (2,658) |
| Purchase of financial assets at fair value through profit or loss | | (1,855) | (1,053) |
| Proceeds from disposal of property, plant and equipment | | 109 | 83 |
| 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 | | - | 561 |
| Dividend received | | 2,244 | 2,020 |
| | | <u>(45,291)</u> | <u>(10,267)</u> |
| Net cash used in investing activities | | <u>(45,291)</u> | <u>(10,267)</u> |
| Financing activities | | | |
| Bank borrowings | | 16,463 | 8,630 |
| Dividend paid | | (10,000) | - |
| Interest paid | | (3,148) | (2,858) |
| Directors' fees paid | | (900) | (550) |
| | | <u>2,415</u> | <u>5,222</u> |
| Net cash provided by financing activities | | <u>2,415</u> | <u>5,222</u> |
| Net decrease in cash and cash equivalents | | (64,031) | (16,756) |
| Cash and cash equivalents, beginning of the period | | 13,663 | 18,726 |
| Cash and cash equivalents, end of the period | 4 | <u>(50,368)</u> | <u>1,970</u> |

Dubai Refreshments (PSC)

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

New standards, interpretations and amendments to published standards and interpretations effective in 2006 or later.

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 results 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 nine month period ended 30 September 2006 (continued)

2 Summary of significant accounting policies (continued)

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.

2.4 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

In addition to the acquisition described in note 8, the company has incurred capital expenditures as detailed below:

| | 30 September 2006 AED'000 | 30 September 2005 AED'000 |
|--------------------------------|---------------------------------|---------------------------------|
| Buildings | 324 | 137 |
| Plant, machinery and equipment | 6,519 | 6,010 |
| Motor vehicles | 2,454 | 2,441 |
| Coolers | 8,632 | 2,508 |
| Furniture and fixtures | 670 | 205 |
| | <u>18,599</u> | <u>11,301</u> |

Dubai Refreshments (PSC)

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

4 Cash and cash equivalents

| | 30 September 2006 AED'000 | 31 December 2005 AED'000 |
|---------------------------|---------------------------------|--------------------------------|
| Cash at bank | 2,022 | 13,399 |
| Cash on hand | 697 | 264 |
| | <hr/> | <hr/> |
| Cash at bank and in hand | 2,719 | 13,663 |
| Less: bank overdraft | (53,087) | - |
| | <hr/> | <hr/> |
| Cash and cash equivalents | (50,368) | 13,663 |
| | <hr/> <hr/> | <hr/> <hr/> |

The bank balances are maintained with local commercial banks. At 30 September 2006 the overdraft carried an interest rate of EIBOR + 1% per annum. The effective interest is 6.5% per annum.

5 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 2006: 400,000 shares; 30 September 2005: 400,000 shares).

6 Share capital

| | 30 September 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 |
| | <hr/> <hr/> | <hr/> <hr/> |

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.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the nine month period ended 30 September 2006 (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 2006 as this would be effected at the year-end based on the company's results for the year ended 31 December 2006.

8 Acquisition

During the first quarter of 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 |
| | <hr/> |
| Purchase consideration | 27,000 |
| | <hr/> <hr/> |

9 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 2006 AED'000 | 1 January to 30 September 2005 AED'000 |
|------------------------------------|---|---|
| Key management remuneration | 4,000 | 3,500 |
| | <hr/> | <hr/> |
| Sales to affiliates | | |
| Oman Refreshments Company Limited | 8,261 | 8,345 |
| | <hr/> | <hr/> |

Dubai Refreshments (PSC)

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

9 Related party transactions and balances (continued)

| | 1 January to 30 September 2006 AED'000 | 1 January to 30 September 2005 AED'000 |
|---|---|---|
| Purchases from affiliates | | |
| Al Tajir Glass Industry | 17,972 | 14,256 |
| National Refreshments Company (LLC) | 5,770 | 4,906 |
| Al Yousuf Motors | 876 | 473 |
| Nasser Bin A A Al Serkal | 198 | 96 |
| Genavco | 39 | 52 |
| | <u>24,855</u> | <u>19,783</u> |
| | | |
| | 30 September 2006 AED'000 | 31 December 2005 AED'000 |
| Due from related parties | | |
| Oman Refreshments Company Limited | 3,296 | 1,475 |
| | <u>3,296</u> | <u>1,475</u> |
| Due to related parties in respect of purchases | | |
| Al Tajir Glass Industry | 1,016 | 769 |
| National Refreshments Company (LLC) | 245 | 914 |
| Al Yousuf Motors | 481 | 118 |
| Nasser Bin A A Al Serkal | 18 | 119 |
| Genavco | 10 | 27 |
| | <u>1,770</u> | <u>1,947</u> |

Dubai Refreshments (PSC)

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

10 Commitments

10.1 Capital commitments

The directors have authorised future capital expenditure amounting to AED 45,000,000 (31 December 2005: AED 38,550,000).

10.2 Operating lease commitments

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

| | 30 September 2006 AED'000 | 31 December 2005 AED'000 |
|--|---------------------------------|--------------------------------|
| Not later than 1 year | 1,217 | 717 |
| Later than 1 year and not later than 5 years | 3,614 | 1,814 |
| Later than 5 years | 4,560 | 4,560 |
| | <u>9,391</u> | <u>7,091</u> |

10.3 Operational commitments

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