

Dubai Refreshments (PSC)

**Condensed interim financial information
for the three month period ended 31 March 2007**

Dubai Refreshments (PSC)

Condensed interim financial information for the three month period ended 31 March 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 31 March 2007 and the related condensed interim income statement, condensed interim statement of changes in equity and condensed interim cash flow statement for the three month period then ended, prepared for local filing purposes. The management is responsible for the preparation and presentation of this condensed interim financial information set out on pages 2 to 11 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
14 May 2007

Jacques E Fakhoury
Registered Auditor Number 379

Dubai Refreshments (PSC)

Condensed interim balance sheet

	Notes	31 March 2007 AED'000	31 December 2006 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		89,204	93,355
Investment property		2,785	2,800
Intangible assets		59,803	61,017
Available-for-sale financial assets		70,170	66,470
		<u>221,962</u>	<u>223,642</u>
Current assets			
Inventories		41,445	49,665
Trade and other receivables		115,698	111,014
Financial assets at fair value through profit or loss		4,670	4,567
Cash at bank and in hand	5	2,422	2,420
		<u>164,235</u>	<u>167,666</u>
Total assets		<u><u>386,197</u></u>	<u><u>391,308</u></u>
EQUITY			
Capital and reserves			
Share capital	6	40,000	40,000
Statutory reserve	7	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		57,555	53,855
Retained earnings		49,213	56,134
Total equity		<u>248,913</u>	<u>252,134</u>
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		7,550	6,939
Deferred revenue		2,019	2,321
		<u>9,569</u>	<u>9,260</u>
Current liabilities			
Bank overdraft	5	92,204	60,909
Trade and other payables		28,750	61,898
Bank borrowings	8	6,761	7,107
		<u>127,715</u>	<u>129,914</u>
Total liabilities		<u>137,284</u>	<u>139,174</u>
Total equity and liabilities		<u><u>386,197</u></u>	<u><u>391,308</u></u>

This condensed interim financial information was approved by the Board of Directors on 14 May 2007 and signed on their behalf by:

.....
Director

.....
Director

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	1 January to 31 March 2007 AED'000	1 January to 31 March 2006 AED'000
Sales		102,685	90,770
Cost of sales		(78,827)	(67,162)
		<u>23,858</u>	<u>23,608</u>
Gross profit		23,858	23,608
Other operating income		303	2,225
		<u>24,161</u>	<u>25,833</u>
Expenses			
Selling and distribution		(22,370)	(17,998)
General and administration		(7,964)	(6,022)
Amortisation of intangible assets		(1,214)	(1,150)
		<u>(7,387)</u>	<u>663</u>
Operating (loss)/profit		(7,387)	663
Dividend income		1,477	1,725
Other income/(expense)		156	(1,103)
Interest expense		(1,167)	(853)
		<u>(6,921)</u>	<u>432</u>
(Loss)/ profit for the period		<u>(6,921)</u>	<u>432</u>
(Loss)/earnings per share		AED	AED
Basic and diluted	10	<u>(17.30)</u>	<u>1.08</u>

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	Proposed dividend 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	-	-	-	-	-	-	-	432	432
Proposed dividend	-	-	-	-	-	-	10,000	(10,000)	-
Net unrealised gain on available-for-sale financial assets	-	-	-	-	-	25,818	-	-	25,818
At 31 March 2006	<u>40,000</u>	<u>15,909</u>	<u>7,062</u>	<u>31,962</u>	<u>45,200</u>	<u>91,828</u>	<u>10,000</u>	<u>38,456</u>	<u>280,417</u>
At 1 January 2007	40,000	17,921	7,062	31,962	45,200	53,855	-	56,134	252,134
Loss for the period	-	-	-	-	-	-	-	(6,921)	(6,921)
Net unrealised gain on available-for-sale financial assets	-	-	-	-	-	3,700	-	-	3,700
At 31 March 2007	<u>40,000</u>	<u>17,921</u>	<u>7,062</u>	<u>31,962</u>	<u>45,200</u>	<u>57,555</u>	<u>-</u>	<u>49,213</u>	<u>248,913</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 31 March 2007 AED'000	1 January to 31 March 2006 AED'000
Operating activities			
(Loss)/profit for the period		(6,921)	432
Adjustments for:			
Depreciation		5,773	5,080
Profit on sale of property, plant and equipment		-	(1)
Provision for employees' end of service benefits		706	681
Provision for impairment of receivables		250	200
Transfer from deferred revenue		(302)	(390)
(Profit)/loss on financial assets at fair value through profit or loss		(103)	1,279
Dividend income		(1,477)	(1,725)
Interest expense		1,167	853
Amortisation of intangible assets		1,214	1,150
		<hr/>	<hr/>
Operating cash flows before changes in working capital and payment of employees' end of service benefits		307	7,559
Payment of employees' end of service benefits		(95)	(248)
Changes in working capital:			
Inventories		8,220	(304)
Trade and other receivables before movement in provision		(4,934)	(11,562)
Trade and other payables		(33,148)	(19,674)
		<hr/>	<hr/>
Net cash used in operating activities		(29,650)	(24,229)
Investing activities			
Acquisition	11	-	(27,000)
Purchase of property, plant and equipment	3	(1,580)	(2,900)
Additions to investment property	3	(27)	-
Purchase of financial assets at fair value through profit or loss		-	(1,855)
Proceeds from disposal of property, plant and equipment		-	11
Dividend received		1,477	1,725
		<hr/>	<hr/>
Net cash used in investing activities		(130)	(30,019)
Financing activities			
Repayment of bank borrowings		(346)	-
Interest paid		(1,167)	(853)
		<hr/>	<hr/>
Net cash used in financing activities		(1,513)	(853)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(31,293)	(55,101)
Cash and cash equivalents, beginning of the period		(58,489)	13,663
		<hr/>	<hr/>
Cash and cash equivalents, end of the period		(89,782)	(41,438)
		<hr/>	<hr/>

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 three month period ended 31 March 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

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 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 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 2006.

Interpretations and amendments to published standards effective in 2007

Management has assessed the relevance of the interpretations and amendments to published standards effective in 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 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 three month period ended 31 March 2007 (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 expenditures

The Company has incurred capital expenditures as follows:

	1 January to 31 March 2007 AED'000	1 January to 31 March 2006 AED'000
Building improvements	215	215
Plant machinery and equipment	474	1,247
Motor vehicles	266	63
Coolers	9	1,148
Furniture and fixtures	52	227
Capital work in progress	591	-
	<u>1,607</u>	<u>2,900</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2007 (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

	31 March 2007 AED'000	31 December 2006 AED'000
Cash at bank	2,059	1,537
Cash on hand	363	883
	<hr/>	<hr/>
Cash at bank and in hand	2,422	2,420
Less: bank overdraft	(92,204)	(60,909)
	<hr/>	<hr/>
Cash and cash equivalents	<u>(89,782)</u>	<u>(58,489)</u>

The bank balances are maintained with local commercial banks. At 31 March 2007, the bank overdraft carried interest ranging between 6.00% - 7.00% per annum (31 December 2006: 6.5%).

6 Share capital

	31 March 2007 AED'000	31 December 2006 AED'000
Authorised, issued and fully paid		
400,000 shares (2006: 400,000 share) of AED 100 each	<u>40,000</u>	<u>40,000</u>

At a meeting of the Board of Directors held on 13 February 2007, a bonus issue of 100,000 shares of AED 100 each amounting to AED 10,000,000 was recommended for the year ended 31 December 2006. The Bonus issue along with the increase in authorised share capital is subject to shareholders' approval in an extraordinary general meeting.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2007 (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 31 March 2007 as this would be affected at the year-end based on the Company's results for the year ending 31 December 2007.

8 Bank borrowings

At 31 March 2007, the bank borrowings comprised of trust receipts, which carried interest ranging between 6.00% - 6.50% per annum.

9 Trade and other payables

	31 March 2007 AED'000	31 December 2006 AED'000
Trade payables	20,131	49,678
Accrued expenses	2,056	4,668
Accrued staff benefits	3,820	4,749
Due to directors	900	900
Other payables	1,843	1,903
	<u>28,750</u>	<u>61,898</u>

10 (Loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period (31 March 2007 and 2006: 400,000 shares).

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2007 (continued)

11 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 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/>

12 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 31 March 2007 AED'000	1 January to 31 March 2006 AED'000
Key management remuneration	1,360	1,100
	<hr/>	<hr/>
Sales to affiliates		
Oman Refreshments Company Limited	2,696	1,880
	<hr/>	<hr/>
Purchases from affiliates		
Al Tajir Glass Industry	4,247	4,011
National Refreshments Company (LLC)	1,247	1,238
Al Yousuf Motors	3	27
Nasser Bin A A Al Serkal	44	40
Genavco	-	8
	<hr/>	<hr/>
	5,541	5,324
	<hr/> <hr/>	<hr/> <hr/>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2007 (continued)

12 Related party transactions and balances (continued)

	31 March 2007 AED'000	31 December 2006 AED'000
Due from related parties		
Oman Refreshments Company Limited	3,318	2,445
	<u>3,318</u>	<u>2,445</u>

Due from related parties balances are included in trade and other receivables.

Due to related parties in respect of purchases

Al Tajir Glass Industry	522	717
National Refreshments Company (LLC)	290	778
Al Yousuf Motors	-	484
Nasser Bin A A Al Serkal	11	38
Genavco	-	1
	<u>823</u>	<u>2,018</u>

Due to related parties balances are included in trade and other payables.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2007 (continued)

13 Commitments

13.1 Capital commitments

The directors have authorised future capital expenditures amounting to AED 43,300,000 (31 December 2006: AED 57,500,000). The Company is in the process of expanding its production facility.

13.2 Operating lease commitment

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

	31 March 2007 AED'000	31 December 2006 AED'000
Not later than 1 year	490	870
Later than 1 year and not later than 5 years	1,704	1,704
Later than 5 years	4,180	4,180
	<u>6,374</u>	<u>6,754</u>

13.3 Operational commitments

Letters of credit issued in the normal course of business.

	<u>27,552</u>	<u>-</u>
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