

Dubai Refreshments (PSC)

**Condensed interim financial information
for the three month period ended 31 March 2008**

Dubai Refreshments (PSC)

Condensed interim financial information for the three month period ended 31 March 2008

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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 2008 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 legal filing purposes. The management is responsible for the preparation and presentation of this condensed interim financial information set out on pages 2 to 12 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 2008

Amin Nasser
Registered Auditor Number 307
Dubai, United Arab Emirates

Dubai Refreshments (PSC)

Condensed interim balance sheet

	Note	31 March 2008 AED'000	31 December 2007 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment		143,328	133,158
Intangible assets		54,919	56,136
Available-for-sale financial assets		85,615	81,471
		<u>283,862</u>	<u>270,765</u>
Current assets			
Inventories		38,976	37,117
Trade and other receivables		107,860	107,656
Financial assets at fair value through profit or loss		8,302	8,963
Cash and cash equivalents	5	2,150	2,506
		<u>157,288</u>	<u>156,242</u>
Total assets		<u><u>441,150</u></u>	<u><u>427,007</u></u>
EQUITY			
Capital and reserves			
Share capital	6	50,000	50,000
Statutory reserve	7	20,031	20,031
General reserve		7,062	7,062
Dividend equalisation reserve		31,962	31,962
Plant replacement reserve		45,200	45,200
Fair value reserve		73,000	68,856
Retained earnings		56,259	64,228
Total equity		<u>283,514</u>	<u>287,339</u>
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits		8,180	7,960
Deferred revenue		807	1,109
		<u>8,987</u>	<u>9,069</u>
Current liabilities			
Bank overdraft	5	79,974	59,235
Bank borrowings	8	28,298	20,711
Trade and other payables	9	40,377	50,653
		<u>148,649</u>	<u>130,599</u>
Total liabilities		<u>157,636</u>	<u>139,668</u>
Total equity and liabilities		<u><u>441,150</u></u>	<u><u>427,007</u></u>

This condensed interim financial information was approved by the Board of Directors on May 2008 and signed on their behalf by:

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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 2008 AED'000	1 January to 31 March 2007 AED'000
Sales		112,204	102,685
Cost of sales		(85,526)	(78,827)
		<u>26,678</u>	<u>23,858</u>
Gross profit		26,678	23,858
Other operating income		302	303
		<u>26,980</u>	<u>24,161</u>
Expenses			
Selling and distribution		(24,024)	(22,370)
General and administrative		(9,312)	(7,964)
Amortisation of intangible assets		(1,217)	(1,214)
		<u>(7,573)</u>	<u>(7,387)</u>
Operating loss		(7,573)	(7,387)
Dividend income		903	1,477
Other (expense)/income		(664)	156
Interest expense		(635)	(1,167)
		<u>(7,969)</u>	<u>(6,921)</u>
Loss for the period		<u>(7,969)</u>	<u>(6,921)</u>
(Loss) per share		AED	AED
Basic and diluted	10	<u>(0.16)</u>	<u>(0.14)</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	Retained earnings AED'000	Total AED'000
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>49,213</u>	<u>248,913</u>
At 1 January 2008	50,000	20,031	7,062	31,962	45,200	68,856	64,228	287,339
Loss for the period	-	-	-	-	-	-	(7,969)	(7,969)
Net unrealised gain on available-for-sale financial assets	-	-	-	-	-	4,144	-	4,144
At 31 March 2008	<u><u>50,000</u></u>	<u><u>20,031</u></u>	<u><u>7,062</u></u>	<u><u>31,962</u></u>	<u><u>45,200</u></u>	<u><u>73,000</u></u>	<u><u>56,259</u></u>	<u><u>283,514</u></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 2008 AED'000	1 January to 31 March 2007 AED'000
Operating activities			
Loss for the period		(7,969)	(6,921)
Adjustments for:			
Depreciation		5,614	5,773
Loss on sale of property, plant and equipment		42	-
Provision for employees' end of service benefits		356	706
Provision for impairment of receivables		450	250
Transfer from deferred revenue		(302)	(302)
Loss/(profit) on financial assets at fair value through profit or loss		661	(103)
Dividend income		(903)	(1,477)
Interest expense		635	1,167
Amortisation of intangible assets		1,217	1,214
		<hr/>	<hr/>
Operating cash flows before changes in working capital and payment of employees' end of service benefits		(199)	307
Payment of employees' end of service benefits		(136)	(95)
Changes in working capital:			
Inventories		(1,859)	8,220
Trade and other receivables before movement in provision		(654)	(4,934)
Trade and other payables		(10,276)	(33,148)
		<hr/>	<hr/>
Net cash used in operating activities		(13,124)	(29,650)
Investing activities			
Purchase of property, plant and equipment		(15,843)	(1,580)
Additions to investment property		-	(27)
Proceeds from disposal of property, plant and equipment		17	-
Dividend received		903	1,477
		<hr/>	<hr/>
Net cash used in investing activities		(14,923)	(130)
Financing activities			
Repayment of bank borrowings		-	(346)
Proceeds from bank borrowings		7,587	-
Interest paid		(635)	(1,167)
		<hr/>	<hr/>
Net cash used in/(provided by) financing activities		6,952	(1,513)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(21,095)	(31,293)
Cash and cash equivalents, beginning of the period		(56,729)	(58,489)
		<hr/>	<hr/>
Cash and cash equivalents, end of the period		(77,824)	(89,782)
		<hr/> <hr/>	<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 2008

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 2007.

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 2007.

New standards, interpretations and amendments to published standards and interpretations effective in 2008 or later

Management has assessed the relevance of the interpretations and amendments to published standards effective from 1 January 2008 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 except as follows:

- IAS 23 (Amendment), ‘Borrowing costs’ (effective from 1 January 2009);
- IFRS 8, ‘Operating segments’ (effective from 1 January 2009);
- IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’ (effective from 1 January 2008)

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2008 (continued)

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The application of the above standards and interpretations will be reflected in the Company's financial statements for the year ending 31 December 2008.

Dividend income

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

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.

Intangible assets - 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.

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Notes to the condensed interim financial information for the three month period ended 31 March 2008 (continued)

3 Capital expenditures

The Company has incurred capital expenditures as follows:

	1 January to 31 March 2008 AED'000	1 January to 31 March 2007 AED'000
Building improvements	2,336	215
Plant machinery and equipment	2,394	474
Motor vehicles	929	266
Coolers	-	9
Furniture and fixtures	2	52
Capital work in progress	10,182	591
	<u>15,843</u>	<u>1,607</u>

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 2008 AED'000	31 December 2007 AED'000
Cash at bank	1,803	2,098
Cash on hand	347	408
Cash and cash equivalents	<u>2,150</u>	<u>2,506</u>

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2007 AED'000	2006 AED'000
Cash and cash equivalents	2,150	2,506
Bank overdrafts	(79,974)	(59,235)
	<u>(77,824)</u>	<u>(56,729)</u>

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2008 (continued)

5 Cash and cash equivalents (continued)

The bank balances are maintained with local commercial banks. Bank overdraft is unsecured and carries an annual interest rate of 6.5%.

6 Share capital

	31 March 2008 AED'000	31 December 2007 AED'000
Authorised, issued and fully paid		
50,000,000 shares (2007: 50,000,000 shares) of AED 1 each	50,000	50,000

At a meeting of the Board of Directors held on 30 March 2008, issuance of 20% bonus shares has been recommended for the year ended 31 December 2007. The bonus issue has been approved by the shareholders in an annual general meeting held on 30 April 2008.

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 2008 as this will be affected at the year-end based on the Company's results for the year ending 31 December 2008.

8 Bank borrowings

Bank borrowings comprise of trust receipts. They are unsecured and carry an annual interest rate of 6.5% (2007: 6.5%). The carrying amounts of borrowings approximate their fair value and are denominated in UAE Dirhams.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2008 (continued)

9 Trade and other payables

	31 March 2008 AED'000	31 December 2007 AED'000
Trade payables	23,278	32,769
Accrued expenses	7,544	4,832
Accrued staff benefits	5,371	6,193
Amounts due to related parties (Note 11)	642	3,011
Due to directors	900	900
Other payables	2,642	2,948
	<u>40,377</u>	<u>50,653</u>

10 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the period (31 March 2008: 50,000,000 shares; 31 March 2007: 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.

11 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.

Dubai Refreshments (PSC)

Notes to the condensed interim financial information for the three month period ended 31 March 2008 (continued)

11 Related party transactions and balances (continued)

	1 January to 31 March 2008 AED'000	1 January to 31 March 2007 AED'000
Key management remuneration	<u>1,633</u>	<u>1,360</u>
Sales to affiliates		
Oman Refreshments Company Limited	<u>11</u>	<u>2,696</u>
Purchases from affiliates		
Al Tajir Glass Industry	-	4,247
National Refreshments Company (LLC)	674	1,247
Al Yousuf Motors	431	3
Nasser Bin A A Al Serkal	-	44
	<u>1,105</u>	<u>5,541</u>
	31 March 2008 AED'000	31 December 2007 AED'000
Due from a related party		
Oman Refreshments Company Limited	<u>-</u>	<u>794</u>
Balance due from a related party is included in trade and other receivables.		
Due to related parties in respect of purchases		
Al Tajir Glass Industry	-	5
National Refreshments Company (LLC)	263	760
Oman Refreshments Company Limited	379	1,298
Genavco	-	948
	<u>642</u>	<u>3,011</u>

Balances due to related parties 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 2008 (continued)

12 Commitments

12.1 Capital commitments

The directors have authorised future capital expenditures amounting to AED 19,260,000 (31 December 2007: AED 21,489,000). The Company is in the process of expanding its production facility.

12.2 Operating lease commitment

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

	31 March 2008 AED'000	31 December 2007 AED'000
Not later than 1 year	110	490
Later than 1 year and not later than 5 years	1,704	1,704
Later than 5 years	4,180	4,180
	<u>5,994</u>	<u>6,374</u>