

**Dubai Refreshments (P.S.C.)  
and its subsidiary**

**UNAUDITED INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**30 SEPTEMBER 2012**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF DUBAI REFRESHMENTS (P.S.C.)**

***Introduction***

We have reviewed the accompanying interim condensed consolidated financial statements of Dubai Refreshments (P.S.C.) and its subsidiary (the “Group”) as at 30 September 2012, comprising of the interim consolidated statement of financial position as at 30 September 2012 and the related interim consolidated statements of income and comprehensive income for the three month and nine month periods then ended, and the related statements of changes in equity and cash flows for the nine month periods then ended and explanatory information. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

***Scope of Review***

We conducted our review in accordance with 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. Consequently, it 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by  
Ali Issa  
Partner  
Registration No. 488  
24 October 2012  
Dubai, United Arab Emirates

Dubai Refreshments (P.S.C.) and its subsidiary

INTERIM INCOME STATEMENT

Period ended 30 September 2012 (Unaudited)

|   | <i>Notes</i> | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|---|--------------|---|---|---|---|
|   |              | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| Sales   |              | 762,581                                   | 712,722                                   | 252,952                                   | 267,999                                   |
| Cost of sales                                     | 4            | (530,029)                                 | (515,085)                                 | (173,069)                                 | (197,608)                                 |
| <b>GROSS PROFIT</b>                               |              | <b>232,552</b>                            | <b>197,637</b>                            | <b>79,883</b>                             | <b>70,391</b>                             |
| Other operating income                            |              | 9,093                                     | 7,435                                     | 3,038                                     | 2,479                                     |
| Selling and distribution expenses                 | 5            | (86,657)                                  | (84,150)                                  | (32,487)                                  | (30,405)                                  |
| General and administrative expenses               | 6            | (34,740)                                  | (31,449)                                  | (13,359)                                  | (10,741)                                  |
| Amortisation of intangible assets                 |              | (2,340)                                   | (2,340)                                   | (780)                                     | (780)                                     |
| <b>OPERATING INCOME</b>                           |              | <b>117,908</b>                            | <b>87,133</b>                             | <b>36,295</b>                             | <b>30,944</b>                             |
| Finance income                                    |              | 1,500                                     | 2,189                                     | 498                                       | 469                                       |
| Finance expense                                   |              | (968)                                     | (1,204)                                   | (298)                                     | (218)                                     |
| Dividend income                                   |              | 4,398                                     | 3,889                                     | -   | 132                                       |
| Other (charges) / income - net                    |              | 259                                       | 154                                       | 1,280                                     | (568)                                     |
| Gain on sale of<br>available-for-sale investments |              | 3,336                                     | -   | -   | -   |
| <b>PROFIT FOR THE PERIOD</b>                      |              | <b>126,433</b>                            | <b>92,161</b>                             | <b>37,775</b>                             | <b>30,759</b>                             |
| Earnings per share in AED                         | 15           | 1.40                                      | 1.02                                      | 0.42                                      | 0.34                                      |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.S.C.) and its subsidiary

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2012 (Unaudited)

|   | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|---|---|---|---|---|
|   | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| <b>Profit for the period</b>  | <b>126,433</b>                            | <b>92,161</b>                             | <b>37,775</b>                             | <b>30,759</b>                             |
| <b>Other comprehensive income:</b>  |   |   |   |   |
| Change in fair value of<br>available-for-sale investments                           | 44,555                                    | 35,548                                    | 24,824                                    | 2,370                                     |
| Gain on sale of available-for-sale<br>investments recognised in<br>income statement | (3,336)                                   | -   | -   | -   |
| Change in fair value of<br>cash flow hedges   | (982)                                     | -   | 1,108                                     | -   |
|   | <b>40,237</b>                             | <b>35,548</b>                             | <b>25,932</b>                             | <b>2,370</b>                              |
| <b>Total comprehensive income<br/>for the period</b>                                | <b>166,670</b>                            | <b>127,709</b>                            | <b>63,707</b>                             | <b>33,129</b>                             |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.S.C.) and its subsidiary

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2012

|                                     | <i>Notes</i> | <i>30 September<br/>2012<br/>AED '000<br/>(Unaudited)</i> | <i>31 December<br/>2011<br/>AED '000<br/>(Audited)</i> |
|-------------------------------------|--------------|---|--|
| <b>ASSETS</b>                       |              |   |  |
| <b>Non-current assets</b>           |              |   |  |
| Property, plant and equipment       | 7            | 199,079   | 135,999  |
| Intangible assets                   |              | 32,754  | 35,094   |
| Available-for-sale investments      | 8            | 178,501   | 116,359  |
|                                     |              | <u>410,334</u>  | <u>287,452</u>   |
| <b>Current assets</b>               |              |   |  |
| Inventories                         | 9            | 76,828  | 55,810   |
| Trade and other receivables         | 10           | 96,527  | 68,398   |
| Advances to contractors             |              | 42,381  | -  |
| Bank balances and cash              | 11           | 272,661   | 280,400  |
|                                     |              | <u>488,397</u>  | <u>404,608</u>   |
| <b>TOTAL ASSETS</b>                 |              | <u><u>898,731</u></u>                                     | <u><u>692,060</u></u>                                  |
| <b>EQUITY AND LIABILITIES</b>       |              |   |  |
| <b>Equity</b>                       |              |   |  |
| Share capital                       | 13           | 90,000  | 90,000   |
| Statutory reserve                   |              | 45,000  | 43,217   |
| General reserve                     |              | 149,241   | 149,241  |
| Fair value reserve                  |              | 138,340   | 97,121   |
| Cash flow hedge reserve             |              | (1,761)   | (779)  |
| Retained earnings                   |              | 205,312   | 116,662  |
| <b>Total equity</b>                 |              | <u>626,132</u>  | <u>495,462</u>   |
| <b>Non-current liabilities</b>      |              |   |  |
| Non-current portion of term loans   | 17           | 56,794  | 7,472  |
| Employees' end of service benefits  |              | 15,154  | 13,387   |
|                                     |              | <u>71,948</u>   | <u>20,859</u>  |
| <b>Current liabilities</b>          |              |   |  |
| Trade and other payables            | 12           | 156,959   | 170,490  |
| Current portion of term loans       | 17           | 8,074   | 5,249  |
| Bank overdraft                      | 11           | 35,618  | -  |
|                                     |              | <u>200,651</u>  | <u>175,739</u>   |
| <b>Total liabilities</b>            |              | <u>272,599</u>  | <u>196,598</u>   |
| <b>TOTAL EQUITY AND LIABILITIES</b> |              | <u><u>898,731</u></u>                                     | <u><u>692,060</u></u>                                  |

Director  
24 October 2012

Director  
24 October 2012

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

Dubai Refreshments (P.S.C.) and its subsidiary

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012 (Unaudited)

|   | Share<br>capital<br>AED '000 | Statutory<br>reserve<br>AED '000 | General<br>reserve<br>AED '000 | Fair<br>value<br>reserve<br>AED '000 | Cash flow<br>hedge<br>reserve<br>AED '000 | Retained<br>earnings<br>AED '000 | Total<br>AED '000 |
|---|------------------------------|----------------------------------|--------------------------------|--------------------------------------|---|----------------------------------|-------------------|
| Balance as of 1 January 2012              | 90,000                       | 43,217                           | 149,241                        | 97,121                               | (779)                                     | 116,662                          | 495,462           |
| Profit for the period                     | -                            | -                                | -                              | -                                    | -   | 126,433                          | 126,433           |
| Other comprehensive income for the period | -                            | -                                | -                              | 41,219                               | (982)                                     | -                                | 40,237            |
| Total comprehensive income for the period | -                            | -                                | -                              | 41,219                               | (982)                                     | 126,433                          | 166,670           |
| Interim transfer to statutory reserve     | -                            | 1,783                            | -                              | -                                    | -   | (1,783)                          | -                 |
| Dividends paid (Note 14)                  | -                            | -                                | -                              | -                                    | -   | (36,000)                         | (36,000)          |
| <b>Balance as of 30 September 2012</b>    | <b>90,000</b>                | <b>45,000</b>                    | <b>149,241</b>                 | <b>138,340</b>                       | <b>(1,761)</b>                            | <b>205,312</b>                   | <b>626,132</b>    |

## Dubai Refreshments (P.S.C)

### INTERIM STATEMENT OF CHANGES IN EQUITY

Period ended 30 September 2012 (Unaudited)

#### 2011:

|   | Share<br>capital<br>AED '000 | Statutory<br>reserve<br>AED '000 | General<br>reserve<br>AED '000 | Fair<br>value<br>reserve<br>AED '000 | Retained<br>earnings<br>AED '000 | Total<br>AED '000 |
|---|------------------------------|----------------------------------|--------------------------------|--------------------------------------|----------------------------------|-------------------|
| Balance as of 1 January 2011              | 60,000                       | 30,000                           | 149,241                        | 48,273                               | 61,206                           | 348,720           |
| Profit for the period                     | -                            | -                                | -                              | -                                    | 92,161                           | 92,161            |
| Other comprehensive income for the period | -                            | -                                | -                              | 35,548                               | -                                | 35,548            |
| Total comprehensive income for the period | -                            | -                                | -                              | 35,548                               | 92,161                           | 127,709           |
| Dividends paid (Note 14)                  | -                            | -                                | -                              | -                                    | (30,000)                         | (30,000)          |
| Bonus share issue (Note 13)               | 30,000                       | -                                | -                              | -                                    | (30,000)                         | -                 |
| Balance as of 30 September 2011           | 90,000                       | 30,000                           | 149,241                        | 83,821                               | 93,367                           | 446,429           |

The attached notes 1 to 20 form part of these interim condensed financial statements.

**Dubai Refreshments (P.S.C.) and its subsidiary**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
Period ended 30 September 2012 (Unaudited)

|   |              | <i>Nine months ended</i>     |                              |
|---|--------------|------------------------------|------------------------------|
|   |              | <b>30 September<br/>2012</b> | <b>30 September<br/>2011</b> |
|   |              | <b>AED '000</b>              | <b>AED '000</b>              |
|   | <i>Notes</i> |                              |                              |
| <b>OPERATING ACTIVITIES</b>                               |              |                              |                              |
| Profit for the period                                     |              | 126,433                      | 92,161                       |
| Adjustments for:  |              |                              |                              |
| Depreciation  |              | 14,405                       | 14,763                       |
| Amortisation of intangible assets                         |              | 2,340                        | 2,340                        |
| Profit on disposal of property, plant and equipment       |              | (160)                        | (26)                         |
| Finance expense   |              | 968                          | 1,204                        |
| Finance income  |              | (1,500)                      | (2,189)                      |
| Dividend income   |              | (4,398)                      | (3,889)                      |
| Gain on sale of available-for-sale investments            |              | (3,336)                      | -                            |
| Provision for employees' end of service benefits          |              | 2,655                        | 2,280                        |
|   |              | <u>137,407</u>               | <u>106,644</u>               |
| Working capital changes:                                  |              |                              |                              |
| Inventories   |              | (21,018)                     | (20,078)                     |
| Trade and other receivables                               |              | (28,129)                     | (29,433)                     |
| Trade and other payables                                  |              | (14,513)                     | 50,999                       |
|   |              | <u>73,747</u>                | <u>108,132</u>               |
| Employees' end of service benefits paid                   |              | (888)                        | (733)                        |
| Finance income received                                   |              | 1,500                        | 2,189                        |
|   |              | <u>74,359</u>                | <u>109,588</u>               |
| Net cash from operating activities                        |              |                              |                              |
| <b>INVESTING ACTIVITIES</b>                               |              |                              |                              |
| Acquisition of property, plant and equipment              | 7            | (77,509)                     | (17,757)                     |
| Proceeds from disposal of property, plant and equipment   |              | 184                          | 159                          |
| Advances to contractors                                   |              | (42,381)                     | -                            |
| Purchase of available-for-sale investments                |              | (21,750)                     | (7,368)                      |
| Proceeds from sale of available-for-sale investments      |              | 4,163                        | -                            |
| Dividend income received                                  |              | 4,398                        | 3,889                        |
|   |              | <u>(132,895)</u>             | <u>(21,077)</u>              |
| Net cash used in investing activities                     |              |                              |                              |
| <b>FINANCING ACTIVITIES</b>                               |              |                              |                              |
| Term loans obtained                                       |              | 56,654                       | -                            |
| Repayment of term loans                                   |              | (4,507)                      | (4,810)                      |
| Dividends paid  | 14           | (36,000)                     | (30,000)                     |
| Finance expense paid                                      |              | (968)                        | (1,204)                      |
|   |              | <u>15,179</u>                | <u>(36,014)</u>              |
| Net cash used in financing activities                     |              |                              |                              |
| <b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b> |              | <b>(43,357)</b>              | <b>52,497</b>                |
| Cash and cash equivalents at 1 January                    |              | <u>280,400</u>               | <u>156,670</u>               |
| <b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>          | <b>11</b>    | <b><u>237,043</u></b>        | <b><u>209,167</u></b>        |

The attached notes 1 to 20 form part of these interim condensed financial statements.



# Dubai Refreshments (P.S.C.) and its subsidiary

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

### 1 ACTIVITIES

Dubai Refreshments (P.S.C.) (the “Company”) was incorporated in Dubai in 1959 by a Decree from His Highness, The Ruler of Dubai. The registered address of the Company is P. O. Box 420, Dubai, United Arab Emirates.

The Company is engaged in bottling and selling Pepsi Cola International products in Dubai, Sharjah and the other Northern emirates in the UAE. The Company also exports Pepsi Cola International products from time to time to foreign countries after obtaining authorization from Pepsi Cola International. The Company holds 7Up and Aquafina bottling and selling rights for the whole of the UAE.

During the period, the Company formed a new subsidiary, Emirates International Food Holdings Inc. (the “subsidiary”), a limited liability company registered in the British Virgin Islands. The Company and its subsidiary together are referred to as the “Group”.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements for the nine month period ended 30 September 2012 have been prepared in accordance with IAS 34 “*Interim Financial Reporting*”.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2011.

In addition, results for the nine month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

#### **Basis of consolidation**

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 September 2012.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

#### **New standards, interpretations and amendments thereof, adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2011, except for the adoption of the amended standards as of 1 January 2012, noted below:

#### *IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

The amendment to IFRS 7 is effective for annual periods beginning on or after 1 July 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the users of the Group’s financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in the derecognised assets to enable the users to evaluate the nature of, and risks associated with, the entity’s continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Group’s financial position or performance.

Other standards, interpretations or amendments did not have any impact on the accounting policies, financial position or performance of the Group.

The Group has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 3 KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

##### **Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant impact on the amounts recognised in the financial statements.

##### *Classification of investments*

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through profit or loss or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular, that the Group has the intention and ability to hold these until maturity.

The Group classifies investments as trading if they are acquired primarily for the purpose of making short term profits.

Classification of investments as fair value through profit or loss depends on how management monitors the performance of these investments. When they are not classified as trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, these are classified as fair value through profit or loss.

All other investments are classified as available-for-sale.

##### *Classification of properties*

Management decides at the time of acquisition of a property whether it should be classified as held for sale or property, plant and equipment. The Group classifies properties as land held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group also classifies properties as property, plant and equipment when the properties are held for use by, or in the operations, of the Group. The Group changes the classification when the intention changes.

##### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *Impairment of accounts receivable*

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of time past due, based on historical recovery rates.

At the reporting date, gross trade accounts receivable were AED 66,289 thousands (31 December 2011: AED 49,542 thousands), and the provision for doubtful debts was AED 3,167 thousands (31 December 2011: AED 3,001 thousands). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the consolidated income statement.

##### *Impairment of inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 3 KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Estimates and assumptions (continued)

##### *Impairment of inventories (continued)*

At the reporting date, gross inventory were AED 78,353 thousands (31 December 2011: AED 57,335 thousands) with provisions for slow moving inventories of AED 1,525 thousands (31 December 2011: AED 1,525 thousands). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated income statement.

##### *Useful lives and depreciation of property, plant and equipment*

The management periodically reviews the estimated useful lives and depreciation method of property, plant and equipment to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

##### *Useful lives and amortisation of intangible assets*

The management periodically reviews the estimated useful lives and amortisation method of intangible assets to ensure that the method and period of amortisation are consistent with the expected pattern of economic benefits from these assets.

#### 4 COST OF SALES

|                          | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|--------------------------|---|---|---|---|
|                          | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| Raw material consumption | 494,135                                   | 480,251                                   | 160,056                                   | 184,603                                   |
| Staff costs              | 14,964                                    | 14,354                                    | 5,570                                     | 4,974                                     |
| Depreciation             | 5,914                                     | 5,925                                     | 1,973                                     | 2,003                                     |
| Others                   | 15,016                                    | 14,555                                    | 5,470                                     | 6,028                                     |
|                          | <b>530,029</b>                            | <b>515,085</b>                            | <b>173,069</b>                            | <b>197,608</b>                            |

#### 5 SELLING AND DISTRIBUTION EXPENSES

|                                      | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|--------------------------------------|---|---|---|---|
|                                      | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| Staff costs                          | 30,159                                    | 29,038                                    | 11,591                                    | 10,004                                    |
| Advertisement and marketing expenses | 28,160                                    | 26,964                                    | 11,195                                    | 10,843                                    |
| Rental charges                       | 14,577                                    | 13,198                                    | 5,049                                     | 4,848                                     |
| Depreciation                         | 6,538                                     | 6,865                                     | 2,100                                     | 2,065                                     |
| Fleet expenses                       | 4,935                                     | 4,782                                     | 1,901                                     | 2,132                                     |
| Others                               | 2,288                                     | 3,303                                     | 651                                       | 513                                       |
|                                      | <b>86,657</b>                             | <b>84,150</b>                             | <b>32,487</b>                             | <b>30,405</b>                             |

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 6 GENERAL AND ADMINISTRATIVE EXPENSES

|                               | <i>Nine months ended</i> |                     | <i>Three months ended</i> |                     |
|-------------------------------|--------------------------|---------------------|---------------------------|---------------------|
|                               | <i>30 September</i>      | <i>30 September</i> | <i>30 September</i>       | <i>30 September</i> |
|                               | <i>2012</i>              | <i>2011</i>         | <i>2012</i>               | <i>2011</i>         |
|                               | <i>AED '000</i>          | <i>AED '000</i>     | <i>AED '000</i>           | <i>AED '000</i>     |
| Staff costs                   | 17,499                   | 16,177              | 6,643                     | 5,997               |
| Rental charges                | 2,782                    | 1,314               | 1,213                     | 438                 |
| Depreciation                  | 1,952                    | 1,973               | 654                       | 578                 |
| Building maintenance expenses | 1,709                    | 1,355               | 794                       | 474                 |
| Utilities                     | 1,424                    | 1,441               | 685                       | 586                 |
| Others                        | 9,374                    | 9,189               | 3,370                     | 2,668               |
|                               | <u>34,740</u>            | <u>31,449</u>       | <u>13,359</u>             | <u>10,741</u>       |

#### 7 PROPERTY, PLANT AND EQUIPMENT

##### *Additions and disposal*

During the period ended 30 September 2012, the Group acquired assets amounting to AED 19,325 thousands (period ended 30 September 2011: AED 2,799 thousands) and incurred AED 58,184 thousands (period ended 30 September 2011: AED 14,958 thousands) for the construction of a warehouse and a new office building and production facility.

During the period ended 30 September 2012, the Group made disposals of assets with net book value of AED 24 thousands (period ended 30 September 2011: AED 133 thousands).

#### 8 AVAILABLE-FOR-SALE INVESTMENTS

|                                    | <i>30 September</i> | <i>31 December</i> |
|------------------------------------|---------------------|--------------------|
|                                    | <i>2012</i>         | <i>2011</i>        |
|                                    | <i>AED'000</i>      | <i>AED'000</i>     |
|                                    |                     | <i>(Audited)</i>   |
| Opening balance                    | 116,359             | 60,143             |
| Additions during the period / year | 21,750              | 7,368              |
| Changes in fair market value       | 44,555              | 48,848             |
| Disposals during the period / year | (4,163)             | -                  |
| Closing balance                    | <u>178,501</u>      | <u>116,359</u>     |

The Group's available-for-sale investments are held in equity securities listed on stock exchanges. Included in the above are investments in 47,916 shares of Etisalat with a carrying amount of AED 460 thousands, which were held in the name of the late Mr. Humaid Al Owais in trust and for the benefit of the Group. These shares are in the process of being transferred in the name of a Director of the Group who will hold them in trust for the beneficial interest of the Group.

Dubai Refreshments (P.S.C.) and its subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

**9 INVENTORIES**

|   | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|---|--|---|
| Raw materials and consumable              | 51,939                                   | 35,774  |
| Finished goods                            | 21,135                                   | 17,229  |
| Spare parts and supplies                  | 5,279                                    | 4,332   |
|   | <u>78,353</u>                            | <u>57,335</u>   |
| Less: provision for slow moving inventory | (1,525)                                  | (1,525)   |
|   | <u><u>76,828</u></u>                     | <u><u>55,810</u></u>                                  |

**10 TRADE AND OTHER RECEIVABLES**

|                                    | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|------------------------------------|--|---|
| Trade receivables                  | 66,289                                   | 49,542  |
| Less: provision for doubtful debts | (3,167)                                  | (3,001)   |
|                                    | <u>63,122</u>                            | <u>46,541</u>   |
| Prepaid expenses                   | 5,652                                    | 6,989   |
| Due from related parties (Note 16) | 432                                      | 323   |
| Other receivables                  | 27,321                                   | 14,545  |
|                                    | <u>96,527</u>                            | <u>68,398</u>   |

**11 CASH AND CASH EQUIVALENTS**

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

|                           | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|---------------------------|--|---|
| Cash at bank and on hand  | 86,591                                   | 125,586   |
| Short-term deposits       | 186,070                                  | 154,814   |
|                           | <u>272,661</u>                           | <u>280,400</u>  |
| Bank overdraft            | (35,618)                                 | -   |
| Cash and cash equivalents | <u><u>237,043</u></u>                    | <u><u>280,400</u></u>                                 |

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 12 TRADE AND OTHER PAYABLES

|  | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|--|--|---|
| Trade payables   | 95,630                                   | 100,439   |
| Accrued expenses   | 32,893                                   | 33,233  |
| Accrual for staff costs  | 12,263                                   | 14,541  |
| Deferred income  | 7,280                                    | 2,908   |
| Advances from customers  | 3,416                                    | 12,057  |
| Retention payable  | 2,332                                    | -   |
| Financial instruments at fair value through other comprehensive income | 1,414                                    | 779   |
| Financial instruments at fair value through profit or loss             | 258                                      | 1,037   |
| Due to related parties (Note 16)                                       | 637                                      | 1,337   |
| Other payables   | 836                                      | 4,159   |
|  | <u>156,959</u>                           | <u>170,490</u>  |

Retentions payable amounting to AED 1,166 thousands (31 December 2011: AED Nil) are expected to be settled in a period more than twelve months after the reporting date.

#### 13 SHARE CAPITAL

|   | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|---|--|---|
| <i>Authorised issued and fully paid up:</i> |  |   |
| 90 million shares of AED 1 each             | <u>90,000</u>                            | <u>90,000</u>   |

In their Annual General Meeting dated 8 March 2011, the shareholders approved a bonus issue of 0.5 shares for every share held thereby increasing the number of shares from 60 million to 90 million.

#### 14 DIVIDENDS

During the Annual General Meeting held on 26 February 2012, the shareholders approved a cash dividend of AED 0.40 per share totaling AED 36 million relating to 2011 (period ended 30 September 2011: 0.5 per share totaling to AED 30 million relating to 2010).

#### 15 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company of AED 126,433 thousands (period ended 30 September 2011: AED 92,161 thousands) by the weighted average number of shares outstanding during the period of 90 million (period ended 30 September 2011: 90 million).

The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

##### a) Significant transactions with related parties:

Significant transactions with related parties included in the interim consolidated income statement are as follows:

|                                | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|--------------------------------|---|---|---|---|
|                                | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| Sales to a related party       | 6,604                                     | 5,786                                     | 2,735                                     | 3,324                                     |
| Purchases from related parties | 3,741                                     | 4,987                                     | 1,834                                     | 1,587                                     |

##### Compensation of key management personnel

The remuneration of directors and other key members of management during the period was as follows:

|                                    | <i>Nine months ended</i>                  |   | <i>Three months ended</i>                 |   |
|------------------------------------|---|---|---|---|
|                                    | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> | <i>30 September<br/>2012<br/>AED '000</i> | <i>30 September<br/>2011<br/>AED '000</i> |
| Short-term benefits                | 4,887                                     | 5,004                                     | 1,881                                     | 2,089                                     |
| Employees' end of service benefits | 193                                       | 301                                       | 87  | 116                                       |
| Directors' sitting fees            | 510                                       | 590                                       | 80  | 180                                       |
|                                    | 5,590                                     | 5,895                                     | 2,048                                     | 2,385                                     |

##### b) Due from related parties (Note 10):

|                                   | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|-----------------------------------|--|---|
| <i>Other related party</i>        |  |   |
| Oman Refreshments Company Limited | 432                                      | 323   |

##### c) Due to related parties (Note 12):

|                               | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|-------------------------------|--|---|
| <i>Other related party</i>    |  |   |
| Emirates Refreshments Company | 637                                      | 1,337   |

## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 17 TERM LOANS

|                                     | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|-------------------------------------|--|---|
| Term loans availed                  | 64,868                                   | 12,721  |
| Less: current portion of term loans | <u>(8,074)</u>                           | <u>(5,249)</u>  |
| Non-current portion                 | <u>56,794</u>                            | <u>7,472</u>  |

In 2010, the Group obtained three term loans denominated in Euro to finance the purchasing and installation of new plant and machinery. These loans will be repaid over 3-5 years and carry interest at 6 months EURIBOR plus 1.85% per annum. An economic hedge has been created through a series of forward foreign exchange contracts matching the repayment dates.

Plant and machinery having a carrying value of AED 4.7 million has been assigned in favour of the banks against these term loans denominated in Euro.

During the period, the Group availed a term loan from a local bank amounting to AED 56,654 thousands to finance the construction of an office and plant facility (Greenfield project) at Dubai Investment Park out of the total AED 250 million approved facility. The term loan is repayable in 14 half yearly installments starting on June 2013 and ending on December 2019 and carries interest at 6 months EIBOR plus 2.5% per annum with a minimum of 4% per annum.

#### 18 OPERATING LEASE COMMITMENTS

The Group leases land, staff accommodations, office and warehouse premises under operating lease arrangements. The leases typically run for a period of 1 year to 30 years with an option to renew the lease after that date. The future aggregate minimum lease payments under a non-cancellable operating lease are as follows:

|  | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|--|--|---|
| Within 1 year  | 20,329                                   | 14,417  |
| After one year but not more than five years                            | 37,754                                   | 31,122  |
| More than 5 years  | <u>141,911</u>                           | <u>145,683</u>  |
| Total operating lease expenditure contracted for at the reporting date | <u>199,994</u>                           | <u>191,222</u>  |

#### 19 CONTINGENCIES AND CAPITAL COMMITMENTS

|                     | <i>30 September<br/>2012<br/>AED'000</i> | <i>31 December<br/>2011<br/>AED'000<br/>(Audited)</i> |
|---------------------|--|---|
| Bank guarantees     | 103                                      | 103   |
| Letter of credit    | 3,190                                    | 604   |
| Capital commitments | <u>445,144</u>                           | <u>502,625</u>  |

The Group's capital commitments mainly pertain to an approved expenditure of AED 515.8 million on office and plant facility (Greenfield project) at the Dubai Investment Park.



## Dubai Refreshments (P.S.C.) and its subsidiary

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2012 (Unaudited)

#### 20 SEGMENTAL REPORTING

The Group operates in a single reporting segment of canning, bottling, distribution and trading of soft drinks and related beverage products. All the relevant information relating to this reporting/operating segment is disclosed in the interim consolidated statement of financial position, interim consolidated income statement and notes to the interim condensed consolidated financial statements.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

a) *Information about geographical segments*

During the period ended 30 September 2012, revenue from customers located in the Group's country of domicile (UAE) is AED 533 million (period ended 30 September 2011: AED 502 million) and revenue from customers outside UAE (foreign customers) is AED 230 million (period ended 30 September 2011: AED 211 million).

b) *Major customer*

During the period ended 30 September 2012, there were no customers of the Group with revenues greater than 10% of the total revenue of the Group.