AGTHIA GROUP PJSC

Report and interim condensed consolidated financial statements for the three-month period ended 31 March 2023

AGTHIA GROUP PJSC

Report and interim condensed consolidated financial statements for the three-month period ended 31 March 2023

	Pages
Report on review of interim financial information	**1**
Interim condensed consolidated statement of financial position	**2 - 3**
Interim condensed consolidated statement of profit or loss	**4**
Interim condensed consolidated statement of comprehensive income	**5**
Interim condensed consolidated statement of changes in equity	**6**
Interim condensed consolidated statement of cash flows	**7**
Notes to the interim condensed consolidated financial statements	**8 - 27**

Deloitte & Touche (M.E.)
Level 11, Al Sila Tower
Abu Dhabi Global Market Square
Al Maryah Island
P.O. Box 990
Abu Dhabi
United Arab Emirates

Tel: +971 (0) 2 408 2424
Fax:+971 (0) 2 408 2525
www.deloitte.com

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGTHIA GROUP PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agthia Group PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, *"Interim Financial Reporting"*. Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects in accordance with IAS 34, "*Interim Financial Reporting"*.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
9 May 2023
Abu Dhabi
United Arab Emirates

Akbar Ahmad (1141), Cynthia Corby (995), Georges Najem (809), Jazala Hamad (1267), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

Interim condensed consolidated statement of financial position as at 31 March 2023

	Notes	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets	**6**	**83,718**	87,323
Property, plant and equipment	**7**	**1,407,355**	1,446,027
Investment in an associate	**8**	**16,753**	16,976
Goodwill	**9**	**1,858,593**	1,858,593
Intangible assets	**10**	**558,007**	563,292
Other non-current asset		**-**	222
Total non-current assets		**3,924,426**	3,972,433
Current assets			
Inventories	**11**	**768,633**	847,275
Trade and other receivables	**12**	**994,062**	891,034
Government compensation receivable	**13**	**44,009**	40,866
Due from related parties	**18**	**20,361**	14,694
Cash and bank balances	**14**	**674,055**	1,042,502
Total current assets		**2,501,120**	2,836,371
Total assets		**6,425,546**	6,808,804

Interim condensed consolidated statement of financial position as at 31 March 2023 (continued)

	Notes	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		**791,577**	791,577
Share premium		**652,097**	652,097
Legal reserve		**251,942**	251,942
Translation reserve		**(179,504)**	(150,531)
Hedge reserve		**(751)**	222
Retained earnings		**1,354,160**	1,267,967
Equity attributable to the owners of the Company		**2,869,521**	2,813,274
Non-controlling interests		**270,604**	272,619
Total equity		**3,140,125**	3,085,893
Non-current liabilities			
Provision for employees' end of service benefits		**114,812**	115,943
Bank borrowings	**15**	**1,447,407**	1,710,816
Lease liabilities		**50,364**	55,551
Deferred government grant	**16**	**19,512**	23,615
Other non-current liabilities		**751**	-
Total non-current liabilities		**1,632,846**	1,905,925
Current liabilities			
Bank borrowings	**15**	**423,252**	675,651
Lease liabilities		**31,577**	30,394
Deferred government grant	**16**	**10,773**	9,362
Trade and other payables	**17**	**1,075,515**	990,121
Contingent consideration		**111,458**	111,458
Total current liabilities		**1,652,575**	1,816,986
Total liabilities		**3,285,421**	3,722,911
Total equity and liabilities		**6,425,546**	6,808,804

To the best of our knowledge, the interim condensed consolidated financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the period / year presented therein.

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 9 May 2023 and signed on its behalf:

Khalifa Sultan Al Suwaidi	**Alan Smith**	**Sherif Elfaham**
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of profit or loss (unaudited)
for the three-month period ended 31 March 2023

	Notes	Three-month period ended 31 March	
		2023	2022
		AED'000	AED'000
Revenue	**20**	**1,182,357**	1,053,140
Cost of sales		**(844,880)**	(744,875)
Gross profit	**20**	**337,477**	308,265
Selling and distribution expenses		**(133,837)**	(128,608)
General and administrative expenses		**(86,486)**	(81,462)
Research and development cost		**(2,061)**	(2,519)
Other income, net		**12,171**	6,204
Operating profit		**127,264**	101,880
Finance income		**10,004**	5,252
Finance expense		**(31,492)**	(9,817)
Share of profit from investment in an associate and a joint venture		**1,594**	1,036
Profit for the period before income tax and zakat		**107,370**	98,351
Income tax and zakat expenses		**(10,678)**	(7,590)
Profit for the period		**96,692**	90,761
Attributable to:			
Owners of the Company		**86,833**	82,194
Non-controlling interest		**9,859**	8,567
		96,692	90,761
Basic and diluted earnings per share (AED)	**19**	**0.110**	0.104

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of comprehensive income (unaudited)
for the three-month period ended 31 March 2023

	Three month-period ended 31 March	
	2023	2022
	AED'000	AED'000
Profit for the period	**96,692**	90,761
Other comprehensive loss:		
Item that may be subsequently reclassified to profit or loss		
Foreign currency translation difference on foreign operations	**(38,218)**	(27,317)
Cashflow hedges – effective portion of changes in fair value	**(973)**	-
Item that will not be subsequently reclassified to profit or loss		
Re-measurement of employees' end of service benefits	**(656)**	7,905
Other comprehensive loss	**(39,847)**	(19,412)
Total comprehensive income for the period	**56,845**	71,349
Attributable to:		
Owners of the Company	**56,247**	67,933
Non-controlling interest	**598**	3,416
	56,845	71,349

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity for the three-month period ended 31 March 2023

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non-controlling interest AED'000	Total AED'000
Balance at 1 January 2022 (audited)	791,577	652,097	227,263	(77,742)	-	1,166,698	2,759,893	198,626	2,958,519
Profit for the period	-	-	-	-	-	82,194	82,194	8,567	90,761
Other comprehensive (loss)/income for the period:									
Foreign currency translation difference on foreign operations	-	-	-	(22,104)	-	-	(22,104)	(5,213)	(27,317)
Remeasurement of employees' end of service benefits	-	-	-	-	-	7,844	7,844	61	7,905
Total comprehensive (loss)/income for the period	-	-	-	(22,104)	-	90,038	67,934	3,415	71,349
Balance at 31 March 2022 (unaudited)	791,577	652,097	227,263	(99,846)	-	1,256,736	2,827,827	202,041	3,029,868
Balance at 1 January 2023 (audited)	791,577	652,097	251,942	(150,531)	222	1,267,967	2,813,274	272,619	3,085,893
Profit for the period	-	-	-	-	-	86,833	86,833	9,859	96,692
Other comprehensive loss for the period:									
Foreign currency translation difference on foreign operations	-	-	-	(28,973)	-	-	(28,973)	(9,245)	(38,218)
Remeasurement of employees' end of service benefits	-	-	-	-	-	(640)	(640)	(16)	(656)
Cash flow hedges – effective portion of changes in fair value	-	-	-	-	(973)	-	(973)	-	(973)
Total comprehensive (loss)/income for the period	-	-	-	(28,973)	(973)	86,193	56,247	598	56,845
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,613)	(2,613)
Balance at 31 March 2023 (unaudited)	**791,577**	**652,097**	**251,942**	**(179,504)**	**(751)**	**1,354,160**	**2,869,521**	**270,604**	**3,140,125**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows (unaudited) for the three-month period ended 31 March 2023

	Notes	Three-month period ended 31 March	
		2023	2022
		AED'000	AED'000
Cash flows from operating activities			
Profit before tax and zakat expenses		**107,370**	98,351
Adjustments for:			
Depreciation of property, plant and equipment	**7**	**42,554**	40,137
Amortisation of intangible assets	**10**	**5,186**	5,879
Amortisation of right-of-use-assets	**6**	**10,495**	10,212
Finance income		**(10,004)**	(5,252)
Finance expense		**32,761**	8,022
Provision for employees' end of service benefits		**2,593**	4,268
Interest on lease liabilities		**1,506**	1,549
Movement in allowance for impairment losses of trade receivables, net	**12**	**1,994**	1,903
Gain on sale of property, plant and equipment	**7**	**(186)**	(200)
Movement in provision for slow moving inventory, net	**11**	**1,535**	115
Share of profit from investment in an associate and a joint venture		**(1,594)**	(1,036)
Net cash from operating activities before movement in working capital		**194,210**	163,948
Changes in:			
Inventories		**77,107**	43,598
Trade and other receivables		**(111,107)**	(58,866)
Due from related parties		**(5,667)**	(6,125)
Government compensation receivable		**(3,143)**	(18,307)
Deferred government grant		**(2,692)**	(2,535)
Trade and other payables		**68,097**	12,813
Cash generated from operations		**216,805**	134,526
Payment of employees' end of service benefits		**(4,360)**	(3,924)
Income tax paid		**(1,915)**	(11,050)
Net cash generated from operating activities		**210,530**	119,552
Cash flows from investing activities			
Acquisition of property, plant and equipment	**7**	**(30,647)**	(30,491)
Investment in fixed deposits, net		**348,576**	(64,880)
Interest received		**16,089**	4,171
Dividends received from an associate		**1,817**	4,240
Proceeds from sale of property, plant and equipment		**1,121**	302
Net cash generated from/(used in) investing activities		**336,956**	(86,658)
Cash flows from financing activities			
Bank borrowings- net		**(212,096)**	121,907
Repayment of a long-term loan		**(263,409)**	(15,724)
Interest paid		**(24,227)**	(6,099)
Repayment of principal repayment of lease liability		**(18,126)**	(14,820)
Dividends paid to non-controlling interests		**(2,613)**	-
Net cash (used in)/generated from financing activities		**(520,471)**	85,264
Increase in cash and cash equivalents		**27,015**	118,158
Effect of foreign exchange		**(6,583)**	(3,256)
Cash and cash equivalents as at 1 January	**14**	**221,121**	227,863
Cash and cash equivalents as at 31 March	**14**	**241,553**	342,765

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023

1 General information

Agthia Group PJSC ("the Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 62.9% of the Company's shares. Pursuant to Law No (02) of 2018 and Executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company "Public Joint Stock Company" (ADQ) which is wholly owned by the Government of Abu Dhabi.

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The registered office of the Company is at Al Reem Island, Sky Towers, 17th Floor, P.O. Box 37725, Abu Dhabi, United Arab Emirates.

The principal activities, country of incorporation and operation, and ownership interest of the Company in its subsidiaries are set out below:

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		31 Mar 2023	31 Dec 2022	**31 Mar 2023**	31 Dec 2022	
Grand Mills Company PJSC (Agri business division)	UAE	**100**	100	**100**	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	**100**	100	**100**	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC (Agthia Egypt)*	Egypt	**100**	100	**100**	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Al Bayan Purification and Potable Water LLC (Al Bayan)*	UAE	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	**50**	50	**50**	50	Production, bottling and sale of bottled water.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		31 Mar 2023	31 Dec 2022	**31 Mar 2023**	31 Dec 2022	
Al Foah Company LLC (Foah)	UAE	**100**	100	**100**	100	Sourcing, processing and trading of dates related products.
Al Faysal Bakery and Sweets Company WLL (Al Faysal)	Kuwait	**100**	100	**100**	100	Manufacturing and trading in bakery and foodstuff.
Al Nabil Food Industries LLC (Al Nabil)	Jordan	**80**	80	**80**	80	Manufacturing and trading in processed protein food products.
Ismailia Agricultural and Industrial Investment (Furat) (Atyab)	Egypt	**75.02**	75.02	**75.02**	75.02	Manufacturing and trading in processed protein food products.
Mediterranean Confectionery Company Limited (BMB)**	KSA	**100**	100	**80**	80	Trading of foodstuff and bakery products
Baklawa Made Better Investments LLC (BMB)**	UAE	**100**	100	**80**	80	Manufacturing and trading of sweets and snacking items.
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E. (Abu Auf)	Egypt	**60**	60	**60**	60	Manufacturing and trading of healthy snacks, nuts and coffee.

* 5% of the share capital of Agthia Egypt and Al Bayan is recorded in the books of Al Ain Food and Beverages PJSC on behalf of Agthia Group PJSC. The beneficial owner of that 5% share capital is Agthia Group PJSC.

** Represents the Group's beneficial ownership after excluding the economic interest of the management party. Agthia Group legally owns 100% of these companies issued share capital.

2 Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the interim condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 *Insurance Contracts*	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.
IFRS 17 *Insurance Contracts (continued)*	In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023. In December 2021, the IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS 17 was published. The amendment addresses challenges in the presentation of comparative information. IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements (continued)

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the` opening balance of retained earnings (or other component of equity, as appropriate) at that date

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9 *Financial Instruments*, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective

The Group has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.	Effective date not yet decided
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1) The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	1 January 2024

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the interim condensed consolidated financial statements of the Group in the period of initial application.

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the interim condensed consolidated financial information of the Group.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

3 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and also comply with the applicable requirements of UAE laws and regulations.

These interim condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except otherwise stated.

These interim condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2022. In addition, results for the three-months period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2022, and the notes attached thereto.

5 Accounting estimates and judgements

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

6 Right-of-use assets

During the three-month period ended 31 March 2023, right-of-use assets additions amounted to AED 13,364 thousand (31 March 2022 AED 9,982 thousand).

During the three-month period ended 31 March 2023, right-of-use assets with a carrying amount of AED748 thousand were terminated (31 March 2022: Nil).

Amortisation charge on right-of-use assets during the three-month period ended 31 March 2023 amounted to AED 10,495 thousand (31 March 2022: AED10,212 thousand).

Foreign currency exchange translation reserve on right-of-use assets during the three-month period ended 31 March 2023 amounted to AED (5,726) thousand (31 March 2022: AED (2,947) thousand).

7 Property, plant and equipment

During the three-month period ended 31 March 2023, property, plant and equipment additions amounted to AED 30,647 thousand (31 March 2022 AED 30,491 thousand).

Assets with a carrying amount of AED 935 thousand were disposed during the three-month period ended 31 March 2022 (31 March 2022: AED 102 thousand), resulting in a gain of AED 186 thousand (31 March 2022: gain of AED 200 thousand) which is included in other income, net.

7 Property, plant and equipment

Depreciation charge on property, plant and equipment during the three-month period ended 31 March 2023 amounted to AED 42,554 thousand (31 March 2022: AED 40,137 thousand).

Foreign currency exchange translation reserve on right-of-use assets during the three-month period ended 31 March 2023 amounted to AED (25,830) thousand (31 March 2022: AED (20,895) thousand).

8 Investment in an associate

Investment in an associate represents 31% ownership interest in Kottouf & Hala Trading Co., a limited liability Company registered in the Kingdom of Saudi Arabia. The principal activity of the associate is trading in foodstuff and snacking products. The associate is accounted for using the equity method in these interim condensed consolidated financial statements.

9 Goodwill

For the purpose of impairment testing goodwill is allocated to the Group's cash generating units where the Group's goodwill is monitored for internal management purposes. Impairment testing is conducted at least on an annual basis or when an indication that the asset has been impaired. During the three-month period ended 31 March 2023, there were no impairment indicators for the goodwill across all cash generating units.

10 Intangible assets

The amortisation charge on intangible assets during the three-month period ended 31 March 2023 amounted to AED (5,186) thousand (31 March 2022: AED (5,879) thousand).

11 Inventories

During the three-month period ended 31 March 2023, the Group recorded a net provision for slow, non-moving and obsolete inventory of AED 1,535 thousand (31 March 2022: AED 115 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 895 thousand (31 March 2022: AED 3,331 thousand).

12 Trade and other receivables

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade receivables	**946,075**	846,171
Allowance for impairment losses	**(126,421)**	(125,342)
	819,654	720,829
Other receivables	**62,401**	62,536
Prepayments	**55,922**	57,191
Advances	**56,085**	50,478
	994,062	891,034

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

12 Trade and other receivables (continued)

The movement in the allowance for impairment losses in respect of trade receivables during the three-month period/year was as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Balance at beginning of the period/year	**125,342**	141,850
Acquired through business combinations	**-**	970
Charge for the period/year, net	**1,994**	6,397
Written off for the period/year	**(915)**	(23,875)
Balance at end of the period/year	**126,421**	125,342

13 Government compensation receivables

The movement in the government compensation receivable during the three-month period/ year is as follows:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Opening balance	**40,866**	10,283
Compensation claimed for the period/ year	**29,952**	121,191
Amounts received	**(26,809)**	(90,608)
Closing balance	**44,009**	40,866

14 Cash and bank balances

	31 March 2023 AED'000 (unaudited)	31 March 2022 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash on hand	**8,938**	8,945	4,468
Current and savings accounts	**268,485**	358,788	292,826
Cash and bank balances	**277,423**	367,733	297,294

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

14 Cash and bank balances (continued)

	31 March 2023 AED'000 (unaudited)	31 March 2022 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Cash and bank balances	**277,423**	367,733	297,294
Restricted cash	**(24,926)**	(24,964)	(24,936)
Bank overdrafts	**(10,944)**	(4)	(51,237)
Cash and cash equivalents in the condensed consolidated statement of cash flows	**241,553**	342,765	221,121
Cash and bank balances	**277,423**	367,733	297,294
Fixed deposits	**396,632**	934,937	745,208
Cash and bank balances in the condensed consolidated statement of financial position	**674,055**	1,302,670	1,042,502

Fixed deposits are for a period not more than one year and not less than three months (2022: not more than one year and not less than three months). Interest is earned on these deposits at prevailing market rates, the carrying amounts of these assets approximate to their fair value.

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. Equivalent amount has been recorded as liability in trade and other payables. Restricted cash balance has not been included in the cash and cash equivalents for the purpose of consolidated statement of cash flows.

Balances with banks are assessed to have low credit risk of default. Accordingly, management estimates the loss allowance on balances with banks at the end of the reporting period to an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, management anticipates that there is no impairment, and hence have not recorded any loss allowances on these balances.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

15 Bank borrowings

Contractual terms of the Group's interest-bearing / profit-bearing loans and borrowings were:

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Current liabilities:		
Credit facilities	**396,813**	608,569
Bank overdrafts	**10,944**	51,237
Term loans	**15,495**	15,845
	423,252	675,651
Non-current liabilities		
Term loans	**1,447,407**	1,710,816
Current liabilities:		
Within UAE	**346,454**	604,217
Outside UAE	**76,798**	71,434
	423,252	675,651
Non-current liabilities		
Within UAE	**1,420,858**	1,677,968
Outside UAE	**26,549**	32,848
	1,447,407	1,710,816

16 Deferred government grant

The Government of Abu Dhabi provides an annual budget for capital expenditure in accordance with an approved budget. The capital grants are recorded as deferred government grants in the interim condensed consolidated statement of financial position and classified as current and non-current liabilities.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

17 Trade and other payables

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Trade payables	**479,102**	440,582
Accrued expenses	**362,503**	357,550
Advances and deposits	**37,320**	29,460
Unclaimed dividends (2009-2014)	**25,355**	25,365
Other payables	**124,455**	101,754
Taxes payable	**46,780**	35,410
	1,075,515	990,121

18 Balances and transactions with related parties

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties comprise major shareholders, key management personnel, Board of Directors and their related companies.

a) Key management personnel compensation

Key management personnel compensation for the period was as follows:

	Three-month period ended	
	31 March 2023 AED'000 (unaudited)	31 March 2022 AED'000 (unaudited)
Short term employment benefits	**6,286**	5,740
Long term employment benefits	**1,225**	1,171
	7,511	6,911

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

18 Balances and transactions with related parties (continued)

b) Amounts due from related parties

	31 March 2023 AED'000 (unaudited)	31 December 2022 AED'000 (audited)
Dubai Cable Company (Private) Limited - affiliated company	**164**	164
Emirates Iron & Steel Company LLC – affiliated company	**376**	427
Abu Dhabi Development Holding Company (ADQ) – ultimate parent company	**222**	723
Kottouf & Hala Trading Co. – associate company	**19,599**	13,380
	20,361	14,694

c) Transactions with related parties

	31 March 2023 AED'000 (unaudited)	31 March 2022 AED'000 (unaudited)
Sales	**29,216**	27,030
Expenses recharged	**437**	-
Dividend received from an associate	**1,817**	-

19 Basic and diluted earnings per share

	Three-month period ended	
	31 March 2023 (unaudited)	31 March 2022 (unaudited)
Profit for the period attributable to the owners of the Company (AED'000)	**86,833**	82,194
Weighted average number of ordinary shares in issue throughout the period ('000)	**791,577**	791,577
Basic and diluted earnings per share (AED)	**0.110**	0.104

Basic and diluted earnings per share are calculated by dividing the profit for the period attributed to the owners of the Company by the weighted average number of shares in issue throughout the period.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

20 Segmental analysis

The Group has two reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment

Agri Business Division ("ABD")

- Flour and Animal Feed includes manufacturing and distribution of flour and animal feed.

Consumer Business Division ("CBD")

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.
- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.
- Snacks segment includes manufacturing, packaging, distribution of dates, sweets, baklawa and bakery products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

20 Segmental analysis (continued)

	Agri Business Division ("ABD")		Consumer Business Division ("CBD")								Total	
	Water and Food		Protein and FV		Snacks		Total CBD					
	31 March 2023 AED'000	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000
Revenues	**313,623**	276,394	**266,019**	247,615	**255,066**	299,075	**384,845**	256,970	**905,930**	803,660	**1,219,553**	1,080,054
Intra-group	**(15,788)**	(9,992)	**(14,104)**	(9,640)	**(2,335)**	(5,017)	**(4,969)**	(2,265)	**(21,408)**	(16,922)	**(37,196)**	(26,914)
External revenues	**297,835**	266,402	**251,915**	237,975	**252,731**	294,058	**379,876**	254,705	**884,522**	786,738	**1,182,357**	1,053,140
Gross profit	**64,413**	65,342	**98,297**	88,522	**61,936**	75,906	**115,520**	80,905	**275,753**	245,333	**340,166**	310,675
Reportable segment profit	**41,478**	42,294	**17,322**	6,137	**19,713**	22,922	**66,279**	44,092	**103,314**	73,151	**144,792**	115,445
Material non-cash item												
Impairment loss on trade receivables, net	**731**	1,047	**1,146**	1,210	**-**	-	**117**	(354)	**1,263**	856	**1,994**	1,903

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

20 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	31 March 2023 AED'000	31 December 2022 AED'000	**31 March 2023 AED'000**	31 December 2022 AED'000	**31 March 2023 AED'000**	31 December 2022 AED'000
Others:						
Segment assets	**697,423**	649,301	**2,700,540**	2,740,987	**3,397,963**	3,390,288
Segment liabilities	**302,067**	177,274	**987,961**	1,049,068	**1,290,028**	1,226,342

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	31 March 2023 AED'000	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000	**31 March 2023 AED'000**	31 March 2022 AED'000
Capital expenditure	**350**	2,018	**29,981**	28,089	**30,331**	30,107

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

20 Segmental analysis (continued)

Reconciliations of reportable segments' profit or loss and gross profit are as follows:

Gross profit for the three-month period ended

	Three-month period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Total gross profit for reportable segments	**340,166**	310,675
Unallocated gross loss	**(2,689)**	(2,410)
Consolidated gross profit for the period	**337,477**	308,265

Profit for the three-month period ended

	Three-month period ended	
	31 March 2023 (unaudited) AED'000	31 March 2022 (unaudited) AED'000
Total profit for reportable segments	**144,792**	115,445
Unallocated amounts		
Other operating expenses	**(25,144)**	(21,309)
Net finance income	**(22,956)**	(3,375)
Consolidated profit for the period	**96,692**	90,761
Non-controlling interests	**(9,859)**	(8,567)
Consolidated profit for the period attributable to the Owners of the Company	**86,833**	82,194

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

20 Segmental analysis (continued)

Reconciliation of reportable segments' assets and liabilities are as follows:

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Segment Assets		
Agri Business Division	**697,423**	649,301
Consumer Business Division	**2,700,540**	2,740,987
Total assets for reportable segments	**3,397,963**	3,390,288
Other unallocated amounts	**3,027,583**	3,418,516
Total assets	**6,425,546**	6,808,804
Segment liabilities		
Agri Business Division	**302,067**	177,274
Consumer Business Division	**987,961**	1,049,068
Total liabilities for reportable segments	**1,290,028**	1,226,342
Other unallocated amounts	**1,995,393**	2,496,569
Total liabilities	**3,285,421**	3,722,911

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

21 Seasonality of results

The Group's dates business, included in the Food segment under the Consumer Business Division, is subject to seasonality coinciding with the harvesting and collection season and hence tend to peak during the period from September to April in UAE and other key geographic areas.

Other than the above, for the three-month period ended 31 March 2023, no significant income of a seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the three-month period ended 31 March 2023 and 2022.

22 Contingent liabilities and commitments

	31 March 2023 (unaudited) AED'000	31 December 2022 (audited) AED'000
Bank guarantees	**16,368**	20,744
Letters of credit	**37,854**	45,476
Capital commitments	**21,896**	30,371

The above guarantees and letters of credits were issued in the normal course of business. These include deferred payment credit, performance bonds, tender bonds, deferred payment bills, inward bill and margin deposit guarantees.

23 Fair value of financial instruments

The Group does not have any financial instruments, except for the interest rate swap, being measured at fair value at each period / year presented of its interim condensed consolidated statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value hierarchy levels have been defined as follows:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the interim condensed consolidated financial statements for the three-month period ended 31 March 2023 (continued)

23 Fair value of financial instruments (continued)

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Group's management considers that the fair values of its financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the interim condensed consolidated statement of financial position.

24 Dividends

At the Annual General Meeting held on 17 April 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2022 which represents 8.25% of the issued share capital (at the Annual General Meeting held on 7 April 2022, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2021 which represents 8.25% of the issued share capital).

25 Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000.

The Group is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities, which will be applicable for the Group for the financial year beginning 1 January 2024.