AGTHIA GROUP PJSC

Condensed consolidated interim financial information for the period ended 30 September 2016

Principal business address:

PO Box 37725
Abu Dhabi
United Arab Emirates

Agthia Group PJSC

Report and condensed consolidated interim financial information for the period ended 30 September 2016

Directors' Report

Dear Shareholders,

On behalf of the Board, I am glad to report another quarter of top and bottom line growth, albeit slower than the previous two quarters against a backdrop of a persistent slowdown in the UAE consumer categories and subsidy program changes in flour and animal feed. The group's nine-month net profit reached AED 200 million, 12 percent higher than the same period a year ago. Net revenues grew 11 percent to AED 1.52 billion, driven by strong performance of the Water business, within which the Al Ain brand logged the highest-ever volume and value market share at 25.3 percent and 22.2 percent respectively. Gross profit margin reached 34.3 percent, 300 basis points more than last year. The balance sheet remains healthy, and the Company generated positive operating cash flow in the period.

Business Review

Water

The Water category, consisting of bottled and 5-gallon water under the Al Ain Water, Alpin Natural Spring Water, Al Bayan and Ice Crystal brands, posted net revenues of AED 488 million, growing 27 percent over the same period last year.

- Despite the market slowdown, our Water business continued its growth momentum as a result of our effective tactical activities and continuous investment behind brand building, new product launches, and distribution gains.
- Al Ain bottled water continued to gain market share both in volume and value. Reaching a record 25.3 percent volume share as per ACN in June-July, Al Ain water is 930 basis points ahead of the nearest competitor.
- Further strengthening our leading position in the market, we introduced **Al Ain ZERO** in September. This breakthrough sodium-free water reflects Agthia's commitment to be in constant touch with evolving consumer needs and remain ahead of the curve. As the only sodium-free water in the UAE, **Al Ain ZERO** is truly a one-of-a-kind product in the market. The absence of sodium in its composition is what sets it apart from anything that is currently available in the market today, and responds to very strong consumer consciousness in health and wellness in the UAE. Initial acceptance by customers and consumers has been very encouraging, providing an additional confidence boost for our planned new product introductions in this category.

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- Organic growth (excluding Al Bayan) was 12 percent, more than double the growth of the water category in the UAE. Meanwhile, the Al Bayan business continues to outperform our internal projections even before the complete realization of synergies.
- Shipments and revenues of Alpin, the natural mineral water produced in our own manufacturing facilities in Turkey and distributed in the UAE, have more than doubled versus the same period last year. In the meantime, our domestic Alpin business in Turkey continues its accelerated volume and revenue growth, registering 25 percent top line growth year-on-year with losses reduced by 62 percent.

Beverages

The Beverages category, consisting of Capri Sun fruit juices and Al Ain Fresh fresh juices, posted net revenues of AED 59 million.

- Capri Sun is experiencing a challenging year, with a declining juice market and new school regulations pressuring an otherwise rising performance over past years. Despite several brand revamping initiatives through above and below the line activities, net revenues dropped 2 percent compared with the previous year. Capri Sun Fruit Crush, a high-juice content with 100% juice, was launched in schools in Dubai, Sharjah and the Northern Emirates in September, and the planned launch in the retail trade in the fourth quarter is expected to provide additional momentum to the performance of this business.
- Al Ain freshly squeezed juices were launched in the retail channel. Using cold pasteurization technology, which preserves taste and nutritional values intact, we launched five flavours in B2C channels – Orange, Mint Lemonade, Carrot, Mango and Grapefruit.

Dairy (Yogurt)

The Dairy business, under the Yoplait brand mainly in the kids and fruit yogurt segments, posted AED 24 million net revenue, growing 34 percent year-on-year.

- The Yogurt market in the UAE continues to contract. The latest readings indicate a 4 percent year-on-year decline in the value-added yogurts segment, where our Yoplait fruit and Petit Filous kid's yogurts compete.
- The introduction of new flavors and products, activation of digital marketing campaigns in addition to strong traditional marketing support, and revamped distribution of plain yogurt in food service outlets with a new 10kg product have all contributed to Yoplait's growth to date in a de-growing category.

Gross profit margin at 31 percent improved by more than 750 basis points from the same period last year, also as a result of lower milk powder prices. Net losses decreased by more than 20 percent.

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Flour

The total Flour business including wheat trading posted net revenues of AED 324 million during the nine-month period, an increase of 2 percent versus a year ago.

- The subsidy was removed in full in selected sales channels (Retail, Trading, and Catering) from September 1 2016. In Bakeries, our largest customer group, the subsidy remains in place until August 31 2017; it will then reduce by 50 percent until August 31 2018, after which it will be fully withdrawn. The subsidy will continue in government channels (Municipality, SKF).
- Our response has varied across channels. In Trading and Catering, our plans included the launch of low cost, low price value range products with the objective of defending our volumes, partially impacting our profitability but providing us with strong leverage to defend our market share. In the Retail (B2C) channel, still a smaller part of our Flour business, we increased our prices to reflect market prices, where we expect to lose volume. To address this, we launched a price fighter brand in addition to increasing our focus on distribution expansion in the Northern Emirates and export markets. In Bakeries, we continued to introduce specialty products, like Tanoor, bread, and all-baking flour, and stepped up our programs for new customer acquisitions especially in the Northern Emirates.
- Exports continued their strong growth momentum, owing to further expansion in GCC countries with the B2C and B2B range in addition to increased business in East Africa.
- Marketing support continued in full force across the UAE with the aim of driving B2B customer loyalty and building up brand and product awareness in B2C customers.
- Gross profit margin, at 46.9 percent, has improved by 628 basis points over last year, mainly due to lower commodity prices.

Animal Feed

The total Animal Feed business including commodity trading posted net revenues of AED 520 million, growing 1 percent versus a year ago.

- Animal Feed, already facing and responding to aggressive competitive pressures in the UAE in defense of its market leadership this year, has been additionally affected by the subsidy change.
- Whereas the subsidy remained in place for Commercial Farms, it has been withdrawn from the Municipality and Distributor channels in full effective July 1 2016.
- We increased our prices in the affected channels in line with market prices. A delay in new orders from customers, who anticipated a potential reversal of the subsidy removal, and high levels of subsidized in-market stocks, resulted in volume losses especially in July and August.

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- A plethora of new product launches in record time as part of our defense strategy, including a value range in both small and large animal segments, and strong marketing support communicating Agrivita's benefits, has partially limited the unfavorable effects of this change in the business environment.
- We opened our first "Agthia" store in Al Wathba, enabling direct Agrivita sales to consumers (farmers). Initial results are very encouraging, and we are planning to open such stores in other locations.

Emerging Businesses

Composed of Tomato Paste, Frozen Vegetables, Ambient and Frozen Bakery, Dates and other convenience products, our Emerging Businesses posted net revenues of AED 108 million, a 31 percent increase versus the same period last year.

- The emerging categories are growing by 66 percent in the UAE including the contribution from Dates, which is not in the base. Our business in Egypt is however suffering from the adverse effects of currency devaluation, in addition to a bad crop season.
- Our efforts to establish a solid base in both Ambient and Frozen Bakery are continuing. In Frozen Bakery, we took our first step into the Bakery channel with the introduction of a range of frozen croissants. We are in the process of developing new variants for our croissant range which we plan to introduce by the end of this year.

On account of improving margins and growing scale, aggregate losses fell by 52 percent compared to last year.

SG&A expenses

The Group's SG&A expenses of AED 332 million represents an increase of 33 percent over the same period last year. Without Al Bayan, which is not in the base, growth is 19 percent. The increase relates to our investment in marketing and brand building activities, new businesses, higher distribution costs due to increases in sales volumes, employee related costs including new hiring, and other inflationary increases. SG&A as a percentage to sales at 21.8 percent increased by 3.6 percentage points compared with last year (excluding Al Bayan and marketing expenses, SG&A ratio to net sales is at 17.1 percent, 150 basis points higher than the same period a year ago).

Cash flow

The Company continued to generate positive cash from operating activities, which stood at AED 137 million as of September 30, 2016. Cash and cash equivalents amounted to AED 504 million. To ensure availability of funds, the Company maintains sufficient bank credit lines to cover short-term working capital requirements at very competitive pricing.

Unallocated Corporate Items

Under segment reporting, an unallocated amount of AED 744 million represents goodwill, intangible assets and cash and bank balances as the Company's fund management is centralized at corporate level.

Capital Commitments and Contingencies

Capital commitment of AED 63 million relates to our second high speed water bottling line, warehouse expansion and other capital items. Bank Guarantees and letter of credits of AED 109 million have primarily been issued in favor of the Governmental Authorities and the Company's vendors for the supply of materials and spare parts.

Future Outlook

Despite adverse economic circumstances affecting businesses as well as consumers all around the region, we remain positive in meeting our guideline top and bottom line targets for 2016, owing to our strong product, marketing, and trade initiatives in all our categories but especially in Water, in addition to continued focus on distribution, customer acquisition and expansion in the Northern Emirates and export markets. Our efforts to land an acquisition in the Water category in the GCC continue, with the aim of securing a deal before the end of the year.

Eng. Dhafer Ayed Al Ahbabi
Chairman
November 1st, 2016

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Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Agthia Group PJSC

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial information of Agthia Group PJSC and its subsidiaries (collectively referred to as the "Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2016;
- the condensed consolidated interim statement of profit or loss for the three-month and nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of comprehensive income for the three-month and nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2016;
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated 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.

KPMG

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG

01 NOV 2016

KPMG Lower Gulf Limited
Fawzi AbuRass
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Abu Dhabi, United Arab Emirates

Agthia Group PJSC

Condensed consolidated interim statement of profit or loss (unaudited)
for the period

	Nine months ended 30 September 2016 AED'000	Nine months ended 30 September 2015 AED'000	**Three months ended 30 September 2016 AED'000**	Three months ended 30 September 2015 AED'000
Revenue	**1,522,525**	1,376,072	**477,864**	465,158
Cost of sales	**(1,000,753)**	(945,920)	**(320,415)**	(328,817)
Gross profit	**521,772**	430,152	**157,449**	136,341
Selling and distribution expenses	**(218,218)**	(158,963)	**(70,380)**	(51,530)
General and administrative expenses	**(110,025)**	(87,800)	**(33,604)**	(30,647)
Research and development expenses	**(3,988)**	(3,378)	**(1,400)**	(1,148)
Other income, net	**10,485**	2,187	**5,519**	4,181
Operating profit	**200,026**	182,198	**57,584**	57,197
Finance income	**10,639**	11,056	**1,953**	5,065
Finance expense	**(10,373)**	(14,068)	**(4,652)**	(8,045)
Profit for the period before income tax	**200,292**	179,186	**54,885**	54,217
Income tax	**(102)**	(34)	**(67)**	(6)
Profit for the period attributable to equity holders of the Group	**200,190**	179,152	**54,818**	54,211
Basic and diluted earnings per share (AED)	**0.334**	0.299	**0.091**	0.090

The notes set out on pages 9 to 18 form an integral part of these condensed consolidated interim financial information.
The independent auditors' report on the review of the condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Condensed consolidated interim statement of comprehensive income (unaudited)
for the period

	Nine months Ended 30 September 2016 AED'000	Nine months ended 30 September 2015 AED'000	**Three months ended 30 September 2016 AED'000**	Three months ended 30 September 2015 AED'000
Profit for the period attributable to equity holders of the Group	**200,190**	179,152	**54,818**	54,211
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation difference on foreign operations	**(3,518)**	(6,768)	**(1,332)**	(2,018)
Cash flow hedge – effective portion of changes in fair value (net)	**(20,541)**	-	**(10,160)**	-
Other comprehensive income	**(24,059)**	(6,768)	**(11,492)**	(2,018)
Total comprehensive income for the period attributable to equity holders of the Group	**176,131**	172,384	**43,326**	52,193

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Agthia Group PJSC

Condensed consolidated interim statement of financial position
as at

	Note	**30 September 2016 (Unaudited) AED'000**	31 December 2015 (Audited) AED'000
Non-current assets			
Property, plant and equipment	6	**1,028,030**	933,491
Advances for property, plant and equipment		**10,789**	33,714
Goodwill	7	**188,336**	188,336
Intangible assets		**34,196**	35,454
Other financial assets		**3,886**	-
Total non-current assets		**1,265,237**	1,190,995
Current assets			
Inventories	8	**386,653**	262,032
Trade and other receivables	9	**361,695**	271,011
Government compensation receivable		**141,769**	80,103
Cash and bank balances	10	**504,462**	570,903
Total current assets		**1,394,579**	1,184,049
Current liabilities			
Bank borrowings (*current portion*)	11	**305,893**	292,815
Trade and other payables	13	**457,398**	318,431
Due to related parties	14	**1,916**	513
Total current liabilities		**765,207**	611,759
Net current assets		**629,372**	572,290
Non-current liabilities			
Provision for end of service benefits		**56,030**	49,343
Bank borrowings (*non-current portion*)	11	**165,303**	165,303
Deferred tax liabilities		**1,373**	918
Other liabilities		**26,361**	3,310
Total non-current liabilities		**249,067**	218,874
Net assets		**1,645,542**	1,544,411

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Condensed consolidated interim statement of financial position (continued)
as at

	30 September 2016 (Unaudited) AED'000	31 December 2015 (Audited) AED'000
Equity		
Share capital	**600,000**	600,000
Legal reserve	**121,423**	121,423
Translation reserve	**(25,086)**	(21,568)
Hedge reserve	**(20,541)**	-
Retained earnings	**969,746**	844,556
Total equity	**1,645,542**	1,544,411

The condensed consolidated interim financial information were approved and authorised by the Board of Directors on 01\11\2016 and signed on their behalf by:

HE Eng Dhafer Ayed Al Ahbabi
Chairman

Iqbal Hamzah
Chief Executive Officer

Fatih Yeldan
Chief Financial Officer

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Agthia Group PJSC

Condensed consolidated interim statement of changes in equity (unaudited)

for the nine months ended 30 September

	Share capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
At 1 January 2015	600,000	98,292	(14,952)	-	696,373	1,379,713
Total comprehensive income for the period						
Profit for the period	-	-	-	-	179,152	179,152
Other comprehensive income:						
Foreign currency translation difference on foreign operations	-	-	(6,768)	-	-	(6,768)
Total comprehensive income	-	-	(6,768)	-	179,152	172,384
Owners' changes directly in equity						
Dividend for the year 2014	-	-	-	-	(60,000)	(60,000)
At 30 September 2015	600,000	98,292	(21,720)	-	815,525	1,492,097
At 1 January 2016	**600,000**	**121,423**	**(21,568)**	**-**	**844,556**	**1,544,411**
Total comprehensive income for the period						
Profit for the period	**-**	**-**	**-**		**200,190**	**200,190**
Other comprehensive income:						
Foreign currency translation difference on foreign operations	**-**	**-**	**(3,518)**	**-**	**-**	**(3,518)**
Cash flow hedge – effective portion of changes in fair value (net)	**-**	**-**	**-**	**(20,541)**	**-**	**(20,541)**
Total comprehensive income	**-**	**-**	**(3,518)**	**(20,541)**	**200,190**	**176,131**
Owners' changes directly in equity						
Dividend for the year 2015	**-**	**-**	**-**	**-**	**(75,000)**	**(75,000)**
At 30 September 2016	**600,000**	**121,423**	**(25,086)**	**(20,541)**	**969,746**	**1,645,542**

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Agthia Group PJSC

Condensed consolidated interim statement of cash flows (unaudited)

for the nine months ended

	Note	**30 September 2016 AED'000**	30 September 2015 AED'000
Cash flows from operating activities			
Profit for the period after income tax		**200,190**	179,152
Adjustments for:			
Depreciation		**67,119**	59,884
Amortisation of intangible assets		**1,158**	-
Finance income		**(10,639)**	(11,056)
Finance expense		**10,373**	14,068
Gain on sale of property, plant and equipment	6	**(193)**	(557)
Assets written off		**197**	-
Movement in provision for slow moving inventory – net	8	**883**	(221)
Movement in allowance for impairment loss		**1,116**	249
Provision for employees' end of service benefits		**8,648**	9,831
Income tax expense		**102**	34
Operating cash flows before changes in working capital		**278,954**	251,384
Change in inventories	8	**(125,504)**	115,882
Change in trade and other receivables - net	9	**(92,437)**	(61,556)
Change in government compensation receivable		**(61,666)**	19,468
Change in due to related party	14	**1,403**	(1,309)
Change in trade and other payables	13	**140,214**	(80,685)
Change in deferred tax liabilities		**455**	(127)
Change in other liabilities - net		**(2,856)**	(200)
Cash generated from operating activities		**138,563**	242,857
Payment of employees' end of service benefits		**(1,961)**	(2,038)
Income tax paid		**(102)**	-
Net cash generated from operating activities		**136,500**	240,819
Cash flows from investing activities			
Advances / acquisition of property, plant and equipment	6	**(143,634)**	(140,574)
Proceeds from sale of property, plant and equipment	6	**1,051**	647
Proceeds from sale of derivative		**1,480**	-
Funds divested / (invested) in fixed deposits		**43,443**	(67,612)
Interest received		**8,364**	7,947
Net cash used in investing activities		**(89,296)**	(199,592)
Cash flows from financing activities			
Bank borrowings – net	11	**10,912**	56,474
Interest paid		**(8,127)**	(13,064)
Dividend paid		**(75,000)**	(60,000)
Net cash flows used in financing activities		**(72,215)**	(16,590)
(Decrease) / increase in cash and cash equivalents		**(25,011)**	24,637
Cash and cash equivalents as at 1 January		**44,155**	38,985
Cash and cash equivalents as at 30 September	10	**19,144**	63,622

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1 Legal status and principal activities

Agthia Group PJSC (the "Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004. General Holding Corporation PJSC (SENAAT) owns 51% of the Company's shares. The principal activities of the Company are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The condensed consolidated interim financial information of the Company as at and for the nine months ended 30 September 2016 comprise the Company and its below mentioned subsidiaries (together referred to as the "Group").

Subsidiary	Country of Incorporation and operation	Share of equity (%) 2016	2015	Principal Activity
Grand Mills Company PJSC	UAE	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (AAFB-UAE)	UAE	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables and frozen baked products.
Agthia Group Egypt LLC (Agthia Egypt)	Egypt	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi (Agthia Turkey)	Turkey	100	100	Production, bottling and sale of bottled water.
Al Bayan Purification and Potable Water LLC	UAE	100	100	Production, bottling and sale of bottled water.
Shaklan Plastic Manufacturing Co. LLC	UAE	100	100	Production of plastic bottles and containers
Al Manal Purification and Bottling of Mineral Water LLC	Oman	100	100	Production, bottling and sale of bottled water.

2 Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2015.

3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2015 except for adoption of accounting policy for cash flow hedges.

The adoption of the new and amended standards and interpretations did not have any impact on the financial position or performance of the Group during the period.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Functional and presentation currency

These condensed consolidated interim financial information are presented in United Arab Emirates Dirhams ("AED"), which is the functional currency, rounded to the nearest thousand.

Government compensation

Funds that compensate the Group for selling flour and animal feed at subsidised prices in the Emirate of Abu Dhabi are recognised in the condensed consolidated interim statement of profit and loss, as a deduction from the cost of sales, on a systematic basis in the same period in which the sales transaction is affected.

Cost of sales as stated in the condensed consolidated statement of profit and loss is after the deduction of Abu Dhabi Government compensation amounting to AED 224,370 thousand *(30 September 2015: AED 285,700 thousand)*. The purpose of the compensation is to partially reduce the impact of increased and volatile global grain prices on food retail prices for the consumers in the Abu Dhabi Emirate.

4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgment made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2015.

5 Financial risk management

The Group's financial risk management objectives and processes are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2015.

6 Property, plant and equipment

Acquisitions and disposals

During the nine months period ended 30 September 2016, the Group invested in property, plant and equipment for a net amount of AED 143,634 thousand *(30 September 2015: AED 140,574 thousand)* of which acquisition of assets amounted to AED 166,559 thousand and advances released amounted to AED 22,925 thousand *(30 September 2015: assets acquired AED 96,551 thousand and advances paid of AED 44,023 thousand).*

Assets with a carrying amount of AED 858 thousand were disposed off during the nine months period ended 30 September 2016 *(30 September 2015: AED 90 thousand),* resulting in a gain of AED 193 thousand *(30 September 2015: gain of AED 557 thousand)* which is included in net other income.

Furthermore, the depreciation charge on property, plant and equipment during the nine months period ended 30 September 2016 amounted to AED 67,118 thousand *(30 September 2015: AED 59,884 thousand).*

7 Goodwill

For the purpose of impairment testing, goodwill is allocated to two operating segments within the Group where goodwill is monitored for internal management purposes. Impairment testing is conducted on an annual basis.

8 Inventories

During the nine months period ended 30 September 2016, the Group recorded a provision for slow, non moving and obsolete inventory of AED 2,999 thousand *(30 September 2015: AED 2,038 thousand).* The charge is included in cost of sales.

Furthermore, the Group has written off a provision for slow, non moving and obsolete inventory of AED 2,116 thousand (*30 September 2015: AED 2,259 thousand).*

9 Trade and other receivables

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Trade receivables - net	**283,511**	202,045
Prepayments	**49,600**	46,387
Other receivables	**28,584**	22,579
	361,695	271,011

10 Cash and bank balances

Cash and cash equivalents in the condensed consolidated interim statement of cash flows:

	30 September 2016 AED'000	30 September 2015 AED'000	31 December 2015 AED'000
Cash in hand	**2,158**	1,230	920
Current and savings account	**56,487**	89,693	80,723
Cash and bank balances	**58,645**	90,923	81,643
Bank overdraft	**(12,524)**	-	(10,358)
Escrow account (for dividend distribution 2009 to 2014)	**(26,977)**	(27,301)	(27,130)
Cash and cash equivalents in the statement of cash flows	**19,144**	63,622	44,155
Cash and bank balances	**58,645**	90,923	81,643
Fixed deposits	**445,817**	545,264	489,260
	504,462	636,187	570,903

Fixed deposits above and during 2015 are for a period not more than one year carrying interest rates varying from 2.20%-3.10% *(30 September 2015: 1.50%-2.25%).*

Escrow account represents amounts set aside for payment of dividend. Equivalent amount has been recorded as liability in trade and other payables. This restricted cash balance has not been included in the cash and cash equivalents for the purpose of cash flow statements

11 Bank borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost.

11 Bank borrowings (continued)

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Current liabilities		
Credit facilities	**271,329**	**245,723**
Short term loan	**22,040**	**36,734**
Bank overdraft	**12,524**	**10,358**
	305,893	**292,815**
Non-current liabilities		
Term loan***	**165,303**	**165,303**

Terms and repayment schedule

Amounts in AED'000

	Currency	Interest Rate	Year of maturity	30 September 2016 Facility value/ limit	30 September 2016 Carrying amount	31 December 2015 Facility value/ limit	31 December 2015 Carrying amount
Short term loan	USD/ AED/ EGP	LIBOR / EIBOR / mid corridor rate + margin*	2016	**121,454**	**34,564**	123,893	47,092
Credit Facility**	USD/ AED/ EGP	LIBOR / EIBOR/ mid corridor rate+ margin*	2016	**687,953**	**270,586**	712,953	243,747
Credit Facility (Capex)**	USD/ AED	LIBOR/ EIBOR + margin*	2016	**50,000**	**743**	25,000	1,976
Term loan***	USD	LIBOR + margin*	2020	**165,303**	**165,303**	165,303	165,303
Total				**1,024,710**	**471,196**	1,027,149	458,118

* Margin on the above loans and facilities varies from 0.40% - 1.25% *(2015: 0.40% - 1.25%)*.

**Credit facility of face value AED 350,000 thousand and credit facility (Capex) of face value AED 50,000 thousand is secured by a floating charge over the current assets, stock and receivables of the Group.

*** During 2015, the Group availed a loan of AED 165,303 thousand for a tenure of five years. The loan is secured by floating charges over the current assets, inventories and receivables of the Group.

12 Segment reporting

Information about reportable segment for the nine months ended 30 September

The Group has two reportable segments, as described below. The reportable segments offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors review internal management reports on at least 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)**
  - Bottled Water and Beverages includes manufacturing and distribution of drinking water, water based drinks and juices.
    - Business operation in Turkey is of similar nature as "Bottled Water" hence it is also reported under CBD.
    - Business operation of Al Bayan is manufacturing and distribution of drinking water, hence, it is also reported under CBD.
  - Food includes manufacturing and distribution of tomato and chilli paste, fruit concentrate, frozen vegetables, fresh dairy products and frozen baked products.
    - Business operation in Egypt is of similar nature as "Food" hence it is also reported under CBD.

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 CEO. 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. Inter-segment pricing is determined on an arm's length basis.

12 Segment reporting (continued)

Segment wise operating results of the Group, for the nine months period are as follows:

	Agri Business Division (ABD)		**Consumer Business Division (CBD)**							
	Flour and Animal Feed		***Bottled Water and Beverages***		***Food***		**CBD Total**		**Total**	
	30 September 2016 AED'000	30 September 2015 AED'000	**30 September 2016 AED'000**	30 September 2015 AED'000	**30 September 2016 AED'000**	30 September 2015 AED'000	**30 September 2016 AED'000**	30 September 2015 AED'000	**30 September 2016 AED'000**	30 September 2015 AED'000
External revenues	**844,486**	832,557	**547,806**	446,331	**130,233**	97,184	**678,039**	543,515	**1,522,525**	1,376,072
Gross profit	**246,471**	234,967	**271,331**	199,250	**17,100**	6,156	**288,431**	205,406	**534,902**	440,373
Reportable segment profit/(loss)	**186,359**	177,493	**99,093**	78,083	**(10,726)**	(17,387)	**88,367**	60,696	**274,726**	238,189

12 Segment reporting (continued)

Reconciliations of reportable segments' profit or loss

For the nine months period ended

Gross profit for the nine months period ended

	30 September 2016 AED'000 (Unaudited)	30 September 2015 AED'000 (Unaudited)
Total gross profit for reportable segments	**534,902**	440,373
Unallocated amounts		
Other operating expenses	**(13,130)**	(10,221)
Consolidated gross profit for the period	**521,772**	430,152
Profit for the nine months period ended		
Total profit for reportable segments	**274,726**	238,189
Unallocated amounts		
Other operating expenses	**(75,144)**	(62,706)
Net finance income	**608**	3,669
Consolidated profit for the period	**200,190**	179,152

Reportable segment assets and liabilities are as follows:

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Segment Assets		
Agri Business Division	**754,276**	537,753
Consumer Business Division	**1,162,032**	1,051,064
Total assets for reportable segment	**1,916,308**	1,588,817
Other unallocated amounts	**743,508**	786,227
Consolidated total assets	**2,659,816**	2,375,044
Segment Liabilities		
Agri Business Division	**265,843**	143,763
Consumer Business Division	**213,091**	161,851
Total liabilities for reportable segment	**478,934**	305,614
Other unallocated amounts	**535,340**	525,019
Consolidated total liabilities	**1,014,274**	830,633

13 Trade and other payables

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Trade payables	**219,781**	119,719
Accruals	**168,678**	128,119
Other payables	**68,939**	70,593
	457,398	318,431

14 Transactions with related parties

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 the major shareholder, key management personnel, Board of Directors and their related companies. In the normal course of business, the Group had various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either the Group's management, or its Board of Directors.

a) Key management personnel compensation

Key management personnel compensation for the nine months period was as follows:

	30 September 2016 AED'000	30 September 2015 AED'000
Short term employment benefits	**16,962**	11,741
Long term employment benefits	**3,703**	2,980
	20,665	14,721

b) Due to and transactions with related parties

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
General Holding Corporation PJSC (SENAAT)		
Opening balance 1 January	**411**	1,373
Directors and committee members' fees charged	**-**	9
Other expenses	**117**	604
Payments	**(428)**	(1,575)
Closing balance	**100**	411

Transactions with related parties (continued)

b. Due to and transactions with related parties (continued)

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Al Foah Company LLC		
Opening balance 1 January	**102**	-
Local purchases	**11,820**	8
Other expenses	**-**	102
Payments	**(10,106)**	(8)
Closing balance	**1,816**	102

15 Contingent liabilities and capital commitments

	30 September 2016 AED'000 (Unaudited)	31 December 2015 AED'000 (Audited)
Bank guarantees and letters of credit	**109,390**	64,386
Capital commitments	**63,178**	80,628

16 Dividends

At the Annual General Meeting held on 24 March 2016, shareholders' approved payment of AED 75,000 thousand *(2015: AED 60,000 thousand)* as cash dividend for the year ended 31 December 2015 which represents 12.5% *(2015: 10%)* of the issued and paid up capital of the Group.

17 Investment in Joint Venture

During the period, the Group entered into a joint venture agreement with Al Wafir Marketing Services Company K.S.C.C., to establish a joint water bottling plant in Kuwait. The plant is expected to commence operations by the second half of 2017 and will mainly produce water under 'Al Ain' brand.