

**AGTHIA GROUP PJSC**

**Condensed consolidated interim financial information  
for the period ended 30 June 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 June 2016**

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## Directors' Report

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Dear Shareholders,

As anticipated, the second quarter continued the Group's positive growth momentum both in profit and revenues, propelling six-month net profit to AED 145 million, 16 percent higher than the same period a year ago. Net revenues for six months reached AED 1.04 billion, representing 15 percent growth over last year, driven mainly by Water and Feed despite persistent macro-economic and competitive challenges. Gross margin was 34.9 percent, up from 32.3 percent a year ago. The balance sheet remains strong and healthy, and the Company generated positive operating cash flow in the period.

We have shown strong progress in the execution of our new growth strategy in the second quarter. As part of our regional expansion plans, we entered into a joint venture with Kuwait's Al Wafir Marketing Services Company K.S.C.C. in May in order to establish a water bottling plant in Kuwait. The plant is expected to commence operations by the second half of 2017 and will produce Al Ain water. At the end of June we signed a 25 year lease agreement with Abu Dhabi Ports for an adjacent 85,700 square-meter plot of land in order to expand our Grand Mills Flour and Animal Feed facilities at Zayed Port.

## Business Review

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### Flour

Our Flour business posted net revenues of AED 230 million, 3 percent growth (1 percent excluding trading) versus a year ago.

- Exports continued their strong growth momentum; with the addition of Saudi Arabia early this year, where initial consumer acceptance is encouraging, our business almost doubled in size versus a year ago. We are planning to enter Bahrain and Oman in the third quarter.
- Gross profit margin has improved mainly on account of lower commodity prices.
- We continued strengthening our presence in the B2C (retail) segment, reaching 33 percent in the April-May period from 24 percent at the beginning of the year, as a consequence of our relentless focus on distribution and visibility.
- Economic headwinds began to adversely affect our B2B segment although we managed to mitigate the impact by continuously attracting new customers. Nevertheless, competitive pricing in the market including cheaper imported products has negatively affected overall flour performance in domestic market resulting in 3 percent lower revenue in the first half of the year in comparison to the same period last year.



## Animal Feed

The Animal Feed business posted net revenues of AED 360 million, growing 7 percent (5 percent excluding trading) versus a year ago.

- Pricing continued to be lower than last year as a result of soft commodity prices.
- We have enhanced our product performance through improved formulation which received positive response from customers.

## Water & Beverages

The Water & Beverages business, consisting of bottled and 5-gallon water under the Al Ain Water, Alpin, Al Bayan and Ice Crystal brands, fruit juices under the Capri Sun brand, and fresh juice under the Al Ain brand, posted half-year net revenues of AED 362 million, growing by 26 percent over the same period last year.

- The Water segment continues to be the growth engine of the Group. At AED 321 million net revenue, the water business grew by 31 percent. Ongoing expansion in distribution supported by various consumer activities (that were additionally stimulated in Ramadan) have been major enablers to this outstanding performance.
- Al Ain bottled water maintained its market leadership both in terms of volume and value, increasing value share by 110 basis points (since the beginning of the year) to 20.6 percent in the April-May period.
- Organic growth (excluding Al Bayan) was 15 percent, well ahead of underlying category growth in the UAE. Meanwhile, the Al Bayan business has performed very well, and as we advance further in capturing planned synergies it will contribute more to our future growth.
- Shipments and revenue of Alpin, the natural mineral water produced in our own manufacturing facilities in Turkey and imported to the UAE, has 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 trajectory registering 27 percent top line growth year-on-year.
- After consistently growing for more than a year, within a contracting category, owing to new variants and brand support activities, lower consumer offtake in June exacerbated by school holidays and the Ramadan season led Capri Sun fruit juice revenues to decline year-on-year. We expect to return to positive territory by as soon as the third quarter, following the recent launch of the Big Pouch for youngsters, the upcoming new product launch and the Ice Age promotion linked to the movie in addition to other planned back-to-school activities.
- Al Ain Fresh Juice in 330ML PET bottle was launched in July in five variants. Additional variants are planned to be introduced in quarter four.



## Dairy (Yogurt)

The Dairy business, under the Yoplait brand mainly in the kids and fruit yogurt segments, posted AED 16 million net revenue in the first half, growing 37 percent year-on-year.

- Gross profit margin at 33 percent improved by more than 800 basis points over last year also as a result of lower milk powder prices.
- Net losses for the period decreased by 10 percent when compared to the same period last year. Together with growing scale and higher gross profit margin, we expect to continue reducing losses.

## Emerging Businesses

Composed of Tomato Paste, Frozen Vegetables, Ambient and Frozen Bakery as well as trading businesses of the Monster energy drink, Date Crown dates and other convenience products, our emerging businesses recorded a half-year net revenue of AED 76 million.

- Our turnaround strategy for these businesses bore fruit, and in aggregate net revenue of this segment grew 48 percent year-on-year.
- Thanks to improving margins on a higher scale, aggregate losses fell 62 percent to AED 2.5 million in the first half of this year.
- In Egypt, despite the adverse effects of currency devaluation in addition to pricing pressures due to lower commodity prices, net revenue recorded 6 percent growth versus last year. This is mostly driven by exports, and by consistently enhancing B2C segment performance with focused distribution.

## SG&A expenses

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Group SG&A expenses, including Al Bayan that was not in the base, recorded AED 227 million in the half-year period, a 36 percent increase versus last year (excluding Al Bayan, 23 percent). The overall increase was mainly attributable to investment in marketing and brand building activities, higher distribution costs due to larger volumes shipped, consultancy expenses, employee-related costs including new hirings, and other inflationary increases. Consequently, SG&A expenses as a percentage of sales stood at 21.7 percent, 338 basis points higher than last year (excluding marketing expenses and Al Bayan, SG&A expense ratio to net sales stands at 16.7 percent, 112 basis points higher versus year ago).

## Cash flow

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The Company generated AED 134 million cash from operating activities in the first half of the year. Cash and cash equivalents and fixed deposits as of 30 June 2016 amounted to AED 559 million. Additionally, the Company maintains sufficient bank credit lines at very competitive pricing to ensure availability of funds in order to cover any short-term working capital requirements.

## Unallocated Corporate Items

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Under segment reporting, an unallocated assets amount of AED 789 million primarily represents goodwill, intangible assets and cash and bank balances, as the Company's fund management is centralised at corporate level.

## Capital Commitments and Contingencies

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Capital commitments of AED 70 million mainly relates to our second high-speed water bottling line, warehouse expansion, delivery trucks and other capital items. Bank guarantees and letters of credit of AED 76 million have primarily been issued in favour of the Governmental Authorities and the Company's vendors for the supply of materials and spare parts.

## Future Outlook

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Despite the market slow-down, we have achieved a very successful first half of 2016 as we embarked on the phased execution of our 2020 profitable growth strategy. In second half we have several activities and initiatives in Water, Juice and Bakery to maintain this growth momentum. However, we have been informed that the Government will implement some changes in the Flour and Animal Feed subsidy program. We are in discussion with the Government and will be in a position to share the details once finalized. While it is difficult to predict the impact of such a policy change at this stage, this will have impact on the performance of both flour and feed businesses.



H.E. Rashed Hamad Al Dhaheri  
Vice Chairman  
July 31<sup>th</sup>, 2016





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

The Shareholders  
Agthia Group PJSC  
Abu Dhabi, United Arab Emirates

### *Introduction*

We have reviewed the accompanying 30 June 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 June 2016;
- the condensed consolidated interim statement of profit or loss for the three-month and six-month period ended 30 June 2016;
- the condensed consolidated interim statement of comprehensive income for the three-month and six-month period ended 30 June 2016;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2016;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 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.

### *Conclusion*

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

KPMG Lower Gulf Limited  
Munther Dajani  
Registration Number 268  
Abu Dhabi, United Arab Emirates

31 JUL 2016

## Agthia Group PJSC

### Condensed consolidated interim statement of profit or loss (unaudited)

	<b>Six months ended 30 June 2016 AED'000</b>	<b>Six months ended 30 June 2015 AED'000</b>	<b>Three months ended 30 June 2016 AED'000</b>	<b>Three months ended 30 June 2015 AED'000</b>
Revenue	<b>1,044,661</b>	910,914	<b>558,755</b>	475,980
Cost of sales	<b>(680,338)</b>	(617,103)	<b>(366,616)</b>	(319,029)
<b>Gross profit</b>	<b>364,323</b>	293,811	<b>192,139</b>	156,951
Selling and distribution expenses	<b>(147,838)</b>	(107,433)	<b>(76,572)</b>	(57,091)
General and administrative expenses	<b>(76,421)</b>	(57,153)	<b>(41,752)</b>	(29,321)
Research and development expenses	<b>(2,588)</b>	(2,230)	<b>(1,284)</b>	(1,172)
Other income, net	<b>4,966</b>	(1,994)	<b>3,415</b>	(1,460)
<b>Operating profit</b>	<b>142,442</b>	125,001	<b>75,946</b>	67,907
Finance income	<b>8,686</b>	5,991	<b>4,034</b>	587
Finance expense	<b>(5,721)</b>	(6,023)	<b>(2,053)</b>	(2,749)
<b>Profit for the period before income tax</b>	<b>145,407</b>	124,969	<b>77,927</b>	65,745
<b>Income tax</b>	<b>(35)</b>	(28)	<b>(65)</b>	(28)
<b>Profit for the period attributable to equity holders of the Group</b>	<b>145,372</b>	124,941	<b>77,862</b>	65,717
<b>Basic and diluted earnings per share (AED)</b>	<b>0.242</b>	0.208	<b>0.130</b>	0.110

The notes set out on pages 8 to 17 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 page 1.



## Agthia Group PJSC

### Condensed consolidated interim statement of comprehensive income (unaudited)

	<b>Six months ended 30 June 2016 AED'000</b>	<b>Six months ended 30 June 2015 AED'000</b>	<b>Three months Ended 30 June 2016 AED'000</b>	<b>Three months Ended 30 June 2015 AED'000</b>
<b>Profit for the period attributable to equity holders of the Group</b>	<b>145,372</b>	124,941	<b>77,862</b>	65,717
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation difference on foreign operations	<b>(2,186)</b>	(4,750)	<b>(584)</b>	(493)
Cash flow hedge – effective portion of changes in fair value (net)	<b>(10,381)</b>	-	<b>(9,697)</b>	-
<b>Other comprehensive income</b>	<b>(12,567)</b>	(4,750)	<b>(10,281)</b>	(493)
<b>Total comprehensive income for the period attributable to equity holders of the Group</b>	<b>132,805</b>	120,191	<b>67,581</b>	65,224

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# Agthia Group PJSC

## Condensed consolidated interim statement of financial position

		<b>30 June 2016 (Unaudited) AED'000</b>	31 December 2015 (Audited) AED'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>1,015,640</b>	933,491
Advances for property, plant and equipment		<b>5,819</b>	33,714
Goodwill	7	<b>188,336</b>	188,336
Intangible assets		<b>34,648</b>	35,454
Other assets		<b>5,403</b>	-
<b>Total non-current assets</b>		<b>1,249,846</b>	1,190,995
<b>Current assets</b>			
Inventories	8	<b>317,817</b>	262,032
Trade and other receivables	9	<b>381,903</b>	271,011
Government compensation receivable		<b>91,064</b>	80,103
Cash and bank balances	10	<b>559,066</b>	570,903
<b>Total current assets</b>		<b>1,349,850</b>	1,184,049
<b>Current liabilities</b>			
Bank borrowings ( <i>current portion</i> )	11	<b>331,293</b>	292,815
Trade and other payables	13	<b>425,664</b>	318,431
Due to related parties	14	<b>4,912</b>	513
<b>Total current liabilities</b>		<b>761,869</b>	611,759
<b>Net current assets</b>		<b>587,981</b>	572,290
<b>Non-current liabilities</b>			
Provision for end of service benefits		<b>53,683</b>	49,343
Bank borrowings ( <i>non-current portion</i> )	11	<b>165,303</b>	165,303
Deferred tax liabilities		<b>1,321</b>	918
Other liabilities		<b>15,304</b>	3,310
<b>Total non-current liabilities</b>		<b>235,611</b>	218,874
<b>Net assets</b>		<b>1,602,216</b>	1,544,411

The notes set out on pages 8 to 17 form an integral part of these condensed consolidated interim financial information.

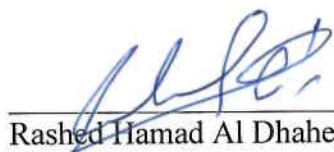
The independent auditors' report on the review of the condensed consolidated interim financial information is set out on page 1.

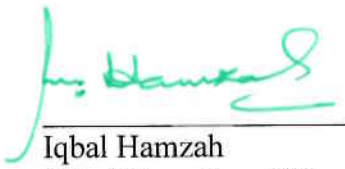
# Agthia Group PJSC

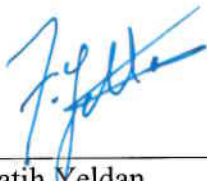
## Condensed consolidated interim statement of financial position (continued)

	<b>30 June 2016 (Unaudited) AED'000</b>	31 December 2015 (Audited) AED'000
<b>Equity</b>		
Share capital	600,000	600,000
Legal reserve	121,423	121,423
Translation reserve	(23,754)	(21,568)
Hedge reserve	(10,381)	-
Retained earnings	914,928	844,556
<b>Total equity</b>	<b><u>1,602,216</u></b>	<b><u>1,544,411</u></b>

The condensed consolidated interim financial information were approved and authorised by the Board of Directors on 31 July 2016 and signed on their behalf by:

  
Rashed Hamad Al Dhaheri  
Vice Chairman

  
Iqbal Hamzah  
Chief Executive Officer

  
Fatih Yeldan  
Chief Financial Officer

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The independent auditors' report on the review of the condensed consolidated interim financial information is set out on page 1.

# Agthia Group PJSC

## Condensed consolidated interim statement of changes in equity (unaudited)

For the six months ended 30 June

	Share capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2015	600,000	98,292	(14,952)	-	696,373	1,379,713
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	124,941	124,941
Other comprehensive income:						
Foreign currency translation difference on foreign operations	-	-	(4,750)	-	-	(4,750)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4,750)</b>	<b>-</b>	<b>124,941</b>	<b>120,191</b>
<i>Owners' changes directly in Equity</i>						
<b>Dividend for the year 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60,000)</b>	<b>(60,000)</b>
<b>Balance at 30 June 2015</b>	<b>600,000</b>	<b>98,292</b>	<b>(19,702)</b>	<b>-</b>	<b>761,314</b>	<b>1,439,904</b>
<b>Balance at 1 January 2016</b>	<b>600,000</b>	<b>121,423</b>	<b>(21,568)</b>	<b>-</b>	<b>844,556</b>	<b>1,544,411</b>
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	145,372	145,372
Other comprehensive income:						
Foreign currency translation difference on foreign operations	-	-	(2,186)	-	-	(2,186)
Cash flow hedge – effective portion of changes in fair value (net)	-	-	-	(10,381)	-	(10,381)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(2,186)</b>	<b>(10,381)</b>	<b>145,372</b>	<b>132,805</b>
<i>Owners' changes directly in Equity</i>						
<b>Dividend for the year 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75,000)</b>	<b>(75,000)</b>
<b>Balance at 30 June 2016</b>	<b>600,000</b>	<b>121,423</b>	<b>(23,754)</b>	<b>(10,381)</b>	<b>914,928</b>	<b>1,602,216</b>

The notes set out on pages 8 to 17 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 page 1.

# Agthia Group PJSC

## Condensed consolidated interim statement of cash flows (unaudited)

For the six months ended

	Note	30 June 2016 AED'000	30 June 2015 AED'000
<b>Cash flows from operating activities</b>			
Profit for the period before income tax		145,407	124,969
<i>Adjustments for:</i>			
Depreciation		43,588	39,281
Amortisation of intangible assets		891	-
Finance income		(8,686)	(5,991)
Finance expense		5,721	6,023
(Gain) / loss on sale of property, plant and equipment	6	(144)	24
Movement in provision for slow moving inventory	8	1,599	(204)
Movement in allowance for impairment loss		970	361
Provision for employees' end of service benefits		5,858	6,283
<b>Operating cash flows before payment for employees' end of service benefits, changes in working capital</b>		<b>195,204</b>	<b>170,746</b>
Change in inventories	8	(57,384)	79,654
Change in trade and other receivables - net	9	(113,088)	(56,173)
Change in government compensation receivable		(10,961)	1,840
Change in due to related party	14	4,399	(1,309)
Change in trade and other payables	13	106,586	(130,082)
Change in other liabilities - net		10,841	(262)
<b>Operating cash flows before payment for employees' end of service benefits</b>		<b>135,597</b>	<b>64,414</b>
Payment of employees' end of service benefits		(1,518)	(948)
Income tax paid		(35)	(28)
<b>Net cash generated from operating activities</b>		<b>134,044</b>	<b>63,438</b>
<b>Cash flows from investing activities</b>			
Advances / acquisition of property, plant and equipment	6	(100,813)	(62,159)
Proceeds from sale of property, plant and equipment	6	998	66
Funds invested in fixed deposits		(1,557)	(63,094)
Interest received		6,064	4,973
<b>Net cash used in investing activities</b>		<b>(95,308)</b>	<b>(120,214)</b>
<b>Cash flows from financing activities</b>			
Bank borrowings – net	11	38,478	135,308
Interest paid		(5,157)	(5,644)
Dividend paid		(75,000)	(60,000)
<b>Net cash flows (used in) / from financing activities</b>		<b>(41,679)</b>	<b>69,664</b>
<b>(Decrease) / increase in cash and cash equivalents</b>		<b>(2,943)</b>	<b>12,888</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>44,155</b>	<b>38,985</b>
<b>Cash and cash equivalents as at 30 June</b>	10	<b>41,212</b>	<b>51,873</b>

The notes set out on pages 8 to 17 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 page 1.

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information

### 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 six months ended 30 June 2016 comprise the Company and its below mentioned subsidiaries (together referred to as the “Group”).

Subsidiary	Country of Incorporation and operation	Share of equity (%)		Principal Activity
		2016	2015	
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	-	Production, bottling and sale of bottled water.
Shaklan Plastic Manufacturing Co. LLC	UAE	100	-	Production of plastic bottles and containers
Al Manal Purification and Bottling of Mineral Water LLC	Oman	100	-	Production, bottling and sale of bottled water.

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information (continued)

### 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 information, 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 173,667 thousand (30 June 2015: AED 205,578 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.

## **Agthia Group PJSC**

### **Notes to the condensed consolidated interim financial information** (continued)

#### **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 six months period ended 30 June 2016, the Group invested in property, plant and equipment for a net amount of AED 100,813 thousand (*30 June 2015: AED 62,159 thousand*) of which acquisition of assets amounted to AED 128,708 thousand and advances released amounted to AED 27,895 thousand (*30 June 2015: assets acquired AED 61,570 thousand and advances paid of AED 589 thousand*).

Assets with a carrying amount of AED 854 thousand were disposed off during the six months period ended 30 June 2016 (*30 June 2015: AED 90 thousand*), resulting in a gain of AED 144 thousand (*30 June 2015: loss of AED 24 thousand*) which is included in net other income.

Furthermore, the depreciation charge on property, plant and equipment during the six months period ended 30 June 2016 amounted to AED 43,588 thousand (*30 June 2015: AED 39,281 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 six months period ended 30 June 2016, the Group recorded a provision for slow, non moving and obsolete inventory of AED 2,971 thousand (*30 June 2015: AED 1,286 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 1,372 thousand (*30 June 2015: AED 1,490 thousand*).



## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information (continued)

#### 9 Trade and other receivables

	<b>30 June 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
Trade receivables - net	<b>302,378</b>	202,045
Prepayments	<b>55,317</b>	46,387
Other receivables	<b>24,208</b>	22,579
	<b><u>381,903</u></b>	<u>271,011</u>

#### 10 Cash and bank balances

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

	<b>30 June 2016 AED'000</b>	30 June 2015 AED'000	31 December 2015 AED'000
Cash in hand	<b>2,015</b>	1,134	920
Current and savings account	<b>66,234</b>	109,935	80,723
Cash and bank balances	<b>68,249</b>	111,069	81,643
Bank overdraft	-	-	(10,358)
Escrow account (for dividend distribution 2009 to 2014)	<b>(27,037)</b>	(59,196)	(27,130)
Cash and cash equivalents in the statement of cash flows	<b><u>41,212</u></b>	<u>51,873</u>	<u>44,155</u>
Cash and bank balances	<b>68,249</b>	111,069	81,643
Fixed deposits	<b>490,817</b>	540,746	489,260
	<b><u>559,066</u></b>	<u>651,815</u>	<u>570,903</u>

Fixed deposits above are for a period not more than one year (*30 June 2015: up to one year*) carrying interest rates varying from 2.15%-3.10% (*30 June 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.

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information (continued)

### 11 Bank borrowings (continued)

	<b>30 June 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
Credit facilities	<b>300,751</b>	<b>245,723</b>
Short term loan	<b>30,542</b>	<b>36,734</b>
Bank overdraft	<b>-</b>	<b>10,358</b>
	<b><u>331,293</u></b>	<b><u>292,815</u></b>
<b>Non-current liabilities</b>		
Term loan***	<b><u>165,303</u></b>	<b><u>165,303</u></b>

### Terms and repayment schedule

Amounts in AED'000

				<u>30 June 2016</u>		<u>31 December 2015</u>	
	Currency	Interest Rate	Year of maturity	Facility value/ limit	Carrying amount	Facility value/ limit	Carrying amount
Short term loan	USD/ AED/ EGP	LIBOR / EIBOR / mid corridor rate + margin*	2016	<b>121,416</b>	<b>30,542</b>	123,893	47,092
Credit Facility**	USD/ AED/ EGP	LIBOR / EIBOR/ mid corridor rate+ margin*	2016	<b>687,953</b>	<b>292,785</b>	712,953	243,747
Credit Facility (Capex)**	USD/ AED	LIBOR/ EIBOR + margin*	2016	<b>50,000</b>	<b>7,966</b>	25,000	1,976
Term loan***	USD	LIBOR + margin*	2020	<b>165,303</b>	<b>165,303</b>	165,303	165,303
<b>Total</b>				<b><u>1,024,672</u></b>	<b><u>496,596</u></b>	<u>1,027,149</u>	<u>458,118</u>

\* Margin on the above loans and facilities varies from 0.50% - 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.

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information (continued)

### 12 Segment reporting

#### *Information about reportable segment for the six months ended 30 June*

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.

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information (continued)

### 12 Segment reporting (continued)

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

	Agri Business Division (ABD)		Consumer Business Division (CBD)						Total	
	<i>Flour and Animal Feed</i>		<i>Bottled Water and Beverages</i>		<i>Food</i>		CBD Total			
	30 June 2016 AED'000	30 June 2015 AED'000	30 June 2016 AED'000	30 June 2015 AED'000	30 June 2016 AED'000	30 June 2015 AED'000	30 June 2016 AED'000	30 June 2015 AED'000	30 June 2016 AED'000	30 June 2015 AED'000
External revenues	<b>589,631</b>	560,035	<b>363,607</b>	289,213	<b>91,423</b>	61,666	<b>455,030</b>	350,879	<b>1,044,661</b>	910,914
Inter segment revenue										
Gross profit	<b>181,379</b>	167,487	<b>179,267</b>	128,828	<b>12,222</b>	3,955	<b>191,489</b>	132,783	<b>372,868</b>	300,270
Reportable segment profit/(loss)	<b>139,084</b>	126,907	<b>64,682</b>	48,150	<b>(7,834)</b>	(12,681)	<b>56,848</b>	35,469	<b>195,932</b>	162,376

# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information (continued)

### 12 Segment reporting (continued)

#### Reconciliations of reportable segments' profit or loss

*For the six months period ended*

*Gross profit for the six months period ended*

	<b>30 June 2016 AED'000 (Unaudited)</b>	30 June 2015 AED'000 (Unaudited)
Total gross profit for reportable segments	372,868	300,270
<i>Unallocated amounts</i>		
Other operating expenses	(8,545)	(6,459)
Consolidated gross profit for the period	<u>364,323</u>	<u>293,811</u>

*Profit for the six months period ended*

Total profit for reportable segments	195,932	162,376
<i>Unallocated amounts</i>		
Other operating expenses	(53,319)	(41,357)
Net finance income	2,759	3,922
Consolidated profit for the period	<u>145,372</u>	<u>124,941</u>

Reportable segment assets and liabilities are as follows:

	<b>30 June 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
<b>Segment Assets</b>		
Agri Business Division	642,494	537,753
Consumer Business Division	1,163,007	1,051,064
Total assets for reportable segment	<u>1,805,501</u>	<u>1,588,817</u>
Other unallocated amounts	788,792	786,227
Consolidated total assets	<u>2,594,293</u>	<u>2,375,044</u>
<b>Segment Liabilities</b>		
Agri Business Division	213,855	143,763
Consumer Business Division	224,224	161,851
Total liabilities for reportable segment	<u>438,079</u>	<u>305,614</u>
Other unallocated amounts	553,998	525,019
Consolidated total liabilities	<u>992,077</u>	<u>830,633</u>

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information (continued)

#### 13 Trade and other payables

	<b>31 March 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
Trade payables	<b>200,904</b>	119,719
Accruals	<b>153,380</b>	128,119
Other payables	<b>71,380</b>	70,593
	<b><u>425,664</u></b>	<u>318,431</u>

#### 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 six months period was as follows:

	<b>30 June 2016 AED'000</b>	30 June 2015 AED'000
Short term employment benefits	<b>11,421</b>	7,320
Long term employment benefits	<b>2,441</b>	1,887
	<b><u>13,862</u></b>	<u>9,207</u>

##### b) Due to and transactions with related parties

	<b>30 June 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
<b><i>General Holding Corporation PJSC (SENAAT)</i></b>		
Opening balance 1 January	<b>411</b>	1,373
Directors and committee members' fees charged	<b>-</b>	9
Other expenses	<b>117</b>	604
Payments	<b>(411)</b>	(1,575)
	<b><u>117</u></b>	<u>411</u>

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information (continued)

#### Transactions with related parties (continued)

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

	<b>30 June 2016 AED'000 (Unaudited)</b>	31 December 2015 AED'000 (Audited)
<i>Al Foah Company LLC</i>		
Opening balance 1 January	<b>102</b>	-
Local purchases	<b>10,915</b>	8
Other expenses	-	102
Payments	<b>(6,222)</b>	(8)
Closing balance	<b><u>4,795</u></b>	<u>102</u>

#### 15 Contingent liabilities and capital commitments

	<b>30 June 2016 AED'000 (Unaudited)</b>	30 June 2015 AED'000 (Audited)
Bank guarantees and letters of credit	<b><u>75,732</u></b>	<u>76,363</u>
Capital commitments	<b><u>70,481</u></b>	<u>59,015</u>

#### 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.