

AGTHIA GROUP PJSC

Condensed consolidated interim financial information
for the period ended 31 March 2017

Principal business address:

P O Box 37725
Abu Dhabi
United Arab Emirates

Agthia Group PJSC

Report and condensed consolidated interim financial information *for the period ended 31 March 2017*

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AGTHIA GROUP PJSC DIRECTORS' REPORT

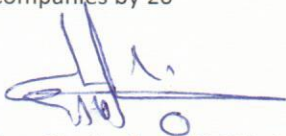
On behalf of the Board of Directors, I am delighted to present our quarterly report and consolidated financial statements of Agthia Group PJSC ("the Company") and its subsidiaries ("the Group") for the period ended 31 March 2017.

As the acquisition of Delta Water in Saudi Arabia was completed, this is the first time we are consolidating its results in the Group financials. Accordingly, Group net revenues reached AED 521 million, with 6 percent increase over the previous quarter (excluding four-and-a-half months of Saudi revenues of AED 44 million, Group revenues posted 3 percent decline). Whereas *Consumer* segment continued to grow driven by Water, our *Agri* segment registered lower revenues driven by lower Animal Feed business as concentrated pellet tender (by the Farmers' Service Center of Abu Dhabi) has not yet started. Group net profit recorded AED 52 million, 3 percent lower than the previous quarter. Lower gross margin, mainly on account of lower Animal Feed sales and utility tariff increases, was partially offset by incessant internal cost optimization, extra-ordinary income booked for the lease transfer of the Ice Crystal land, and Delta Water profit. Detailed financial results of the Group are presented in the accompanying consolidated financial statements.

Another significant development in the quarter was our announcement to enter a joint venture with Anderson Hay & Grain Co., Inc., the number one hay exporter of the United States of America, to distribute forage products in the UAE and GCC. Launching the first premium forage product under Agrivita Marabe brand, we announced our partnership with Anderson Hay at the AGRAME exhibition at International Convention Center in Dubai at the beginning of April. This transaction underlines our commitment to support farming industry as well as the food security of the nation by providing superior quality feed solutions for the livestock of the country.

Following the end of the quarter, the Company held its 12th Annual General Meeting on April 26, 2017 at the main hall of Abu Dhabi Chamber of Commerce and Industry Building. As part of the published agenda, the Company elected a new Board of Directors for three years, where five members kept their seats, and two new members joined the Company's Board. You may find the full list of members on our website at www.agthia.com as well as on www.adx.ae.

2017 started with additional external economic headwinds, furnishing us with new and stronger challenges to navigate around. We are, however, in an excellent position to face and beat these challenges owing to our clear vision and dedicated people, and the Company is still committed to become one of the Middle East's leading food and beverage companies by 20



Eng. Dhafer Ayed Al Ahababi

Chairman

10 May 2017



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

To the Shareholders
Agthia Group PJSC

Introduction

We have reviewed the accompanying 31 March 2017 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 31 March 2017;
- the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of other comprehensive income for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of changes in equity for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of cash flows for the three-month period ended 31 March 2017;
- 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 31 March 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

A handwritten signature in blue ink, appearing to read 'Richard Ackland', with a stylized flourish at the end.

KPMG Lower Gulf Limited
Richard Ackland
Registration No: 1015
Abu Dhabi, United Arab Emirates

10 MAY 2017

Agthia Group PJSC

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

	Three month ended 31 March 2017 AED'000	Three month ended 31 March 2016 AED'000
Revenue	520,671	485,906
Cost of sales	(345,741)	(313,722)
Gross profit	174,930	172,184
Selling and distribution expenses	(91,032)	(71,266)
General and administrative expenses	(41,742)	(34,669)
Research and development expenses	(1,609)	(1,304)
Other income, net	11,078	1,551
Operating profit	51,625	66,496
Finance income	5,707	4,652
Finance expense	(4,349)	(3,668)
Profit for the period before income tax	52,983	67,480
Income tax (expense) / credit	(549)	30
Profit for the period attributable to equity holders of the Group	52,434	67,510
	=====	=====
Basic and diluted earnings per share (AED)	0.087	0.113
	=====	=====

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information.
The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Condensed consolidated interim statement of other comprehensive income

(unaudited)

for the period

	Three month ended 31 March 2017 AED'000	Three month ended 31 March 2016 AED'000
Profit for the period	52,434	67,510
Other comprehensive income		
<i>Items that are or may be subsequently reclassified to profit or loss</i>		
Foreign currency translation difference on foreign operations	(827)	(1,602)
Cash flow hedge – effective portion of changes in fair value	651	(684)
Cash flow hedge – reclassified to profit or loss	6,519	-
Other comprehensive income	6,343	(2,286)
Total comprehensive income for the period attributable to equity holders of the Group	58,777	65,224

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Condensed consolidated interim statement of financial position

as at


		31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	6	1,054,774	1,016,505
Advances for property, plant and equipment		16,447	9,957
Goodwill	7	326,447	188,336
Intangible assets		32,087	32,608
Other advances		34,021	-
Other financial assets		1,904	1,587
Total non-current assets		1,465,680	1,248,993
Current assets			
Inventories	8	304,042	301,220
Trade and other receivables	9	411,225	346,699
Due from related parties		160	380
Government compensation receivable		84,022	95,357
Cash and bank balances	10	570,853	552,455
Total current assets		1,370,302	1,296,111
Current liabilities			
Bank borrowings (<i>current portion</i>)	11	273,853	304,959
Trade and other payables	13	390,702	318,638
Due to related parties	14	2,949	1,805
Total current liabilities		667,504	625,402
Net current assets		702,798	670,709
Non-current liabilities			
Provision for end of service benefits		68,257	61,101
Bank borrowings (<i>non-current portion</i>)	11	348,928	165,303
Deferred tax liabilities		-	323
Other financial liabilities		6,830	7,289
Total non-current liabilities		424,015	234,016
Net assets		1,744,463	1,685,686

Agthia Group PJSC

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

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Equity		
Share capital	600,000	600,000
Legal reserve	146,850	146,850
Translation reserve	(41,130)	(40,303)
Other reserve	(12,090)	(19,260)
Retained earnings	1,050,833	998,399
Total equity	<u>1,744,463</u>	<u>1,685,686</u>

The condensed consolidated interim financial information were approved and authorised for issue by the Board of Directors on 10 MAY 2017 and were signed on their behalf by:



Chairman



Acting CEO



CFO

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Condensed consolidated interim statement of changes in equity (unaudited)

for the period ended

	Share capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2016	600,000	121,423	(21,568)	-	844,556	1,544,411
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	67,510	67,510
<i>Other comprehensive income:</i>						
Foreign currency translation difference on foreign operations	-	-	(1,602)	-	-	(1,602)
Cash flow hedge – effective portion of changes in fair value	-	-	-	(684)	-	(684)
Total comprehensive income	-	-	(1,602)	(684)	67,510	65,224
<i>Owners' changes directly in Equity</i>						
Dividend for the year 2015	-	-	-	-	(75,000)	(75,000)
Balance at 31 March 2016	600,000	121,423	(23,170)	(684)	837,066	1,534,635
Balance at 1 January 2017	600,000	146,850	(40,303)	(19,260)	998,399	1,685,686
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	52,434	52,434
<i>Other comprehensive income:</i>						
Foreign currency translation difference on foreign operations	-	-	(827)	-	-	(827)
Cash flow hedge – effective portion of changes in fair value	-	-	-	651	-	651
Cash flow hedge – reclassified to profit or loss	-	-	-	6,519	-	6,519
Total comprehensive income	-	-	(827)	7,169	52,434	58,777
<i>Owners' changes directly in Equity</i>						
Dividend for the year 2016	-	-	-	-	-	-
Balance at 31 March 2017	600,000	146,850	(41,130)	(12,090)	1,050,833	1,744,463

The notes on pages 9 to 22 form an integral part of these condensed consolidated interim financial information. The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Condensed consolidated interim statement of cash flows (unaudited) for the three month ended

	Note	31 March 2017 AED'000	31 March 2016 AED'000
<i>Cash flows from operating activities</i>			
Profit for the period		52,434	67,510
<i>Adjustments for:</i>			
Depreciation	6	27,000	21,341
Amortisation of intangible assets		276	624
Finance income		(5,707)	(4,652)
Finance expense		4,349	3,668
Gain on sale of property, plant, and equipment	6	(6,093)	(44)
Movement in provision for slow moving inventories, net	8	1,059	1,094
Movement in allowance for impairment loss	9	1,531	(90)
Provision for employees' end of service benefits		2,728	2,276
Income tax expense		549	-
		78,126	91,727
<i>Change in:</i>			
Inventories		6,949	(42,391)
Trade and other receivables, net		(35,191)	(43,559)
Due from relates parties	14	220	-
Government compensation receivable		11,335	(2,500)
Due to related parties	14	1,144	2,229
Trade and other payables		52,604	97,527
Other liabilities		(125)	1,026
		115,062	104,059
Payment of employees' end of service benefits		(4,549)	(636)
Tax paid		(872)	-
		109,641	103,423
<i>Cash flows from investing activities</i>			
Acquisition of property, plant and equipment	6	(32,378)	(47,311)
Proceeds from disposal of property, plant and equipment	6	6,744	625
Acquisition of subsidiary		(187,751)	-
Other advances		(34,021)	-
Funds withdrawn from fixed deposits		19,135	30,809
Interest received		5,644	2,868
		(222,627)	(13,009)
<i>Cash flows from financing activities</i>			
Bank borrowings - net	11	163,201	(1,505)
Interest paid		(2,637)	(2,156)
		160,564	(3,661)
<i>Net cash flows from / (used in) financing activities</i>			
		47,578	86,753
Cash and cash equivalents as at 1 January		21,373	44,155
Effect of foreign exchange		668	2,369
Cash and cash equivalents as at 31 March	10	69,619	133,277

The notes on pages 9 to 20 form an integral part of these condensed consolidated interim financial information.
The independent auditors' report on review of these condensed consolidated interim financial information is set out on pages 1 and 2.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

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 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 51% of the Company’s shares which is wholly owned by the Government of Abu Dhabi. 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 three months ended 31 March 2017 comprise the Company and its below mentioned subsidiaries (together referred to as the “Group”).

Name of subsidiaries	Country of incorporation and operation	Share of equity (%)		Principal Activities
		2017	2016	
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.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

1 Legal status and principal activities (continued)

Name of subsidiaries	Country of incorporation and operation	Share of equity (%)		Principal Activities
		2017	2016	
Delta Water Factory Company Limited	KSA	100	-	Production, bottling and sale of bottled water.

2 Basis of preparation

(a) 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 2016.

(b) Basis of measurement

These condensed consolidated interim financial information have been prepared under the historical cost basis except for derivative financial instruments, which are carried at fair value.

(c) 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.

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 2016.

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.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to financial instruments have been disclosed below.

Financial instruments

Financial instruments comprise trade and other receivables, amounts due from related parties, cash and bank balances, trade and other payables, amounts due to related parties, derivative financial instruments, and bank loans. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

3 Significant accounting policies (continued)

Financial instruments (continued)

Financial instruments are recognised initially at fair value plus, any directly attributable transaction costs. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire, or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and bank balances comprise unrestricted cash balances and term deposits with original contractual maturities of three months or less. The fair values of the financial instruments are not materially different from the carrying amount.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the condensed consolidated interim statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

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.

Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

3 Significant accounting policies (continued)

Financial assets (continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'due from related parties', and 'cash and bank balances' in the condensed consolidated interim statement of financial position. These assets are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(b) Financial assets at fair value through profit or loss

Financial assets/liabilities at fair value through profit or loss are financial assets held for trading. Derivative financial instruments are also categorised as held for trading unless they are designated as hedges. Assets/liabilities in this category are classified as current assets/liabilities if expected to be settled within 12 months, otherwise they are classified as non-current.

Impairment of financial assets

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the original effective interest rate. Impairment losses are recognised in the condensed consolidated interim statement of profit or loss and reflected in an allowance account against such financial assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the condensed consolidated interim statement of profit or loss.

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 or 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 interim statement of profit or loss is after the deduction of Abu Dhabi Government compensation amounting to AED 38,732 thousand (*31 March 2016: AED 82,603 thousand*). The purpose of the compensation was 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
for the period ended

4 Accounting estimates and judgements

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 judgments 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 2016.

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 2016.

6 Property, plant and equipment

Acquisitions and disposals

During the three months ended 31 March 2017, the Group invested in property, plant and equipment for a net amount of AED 32,378 thousand (*31 March 2016: AED 47,311 thousand*) of which acquisition of assets amounted to AED 25,888 thousand and advances paid amounted to AED 6,490 thousand (*31 March 2016: assets acquired AED 40,578 thousand and advances paid of AED 6,733 thousand*).

Assets with a carrying amount of AED 651 thousand were disposed during the three months ended 31 March 2017 (*31 March 2016: AED 581 thousand*), resulting in a gain of AED 6,093 thousand (*31 March 2016: profit of AED 44 thousand*) which is included in net other income.

Furthermore, the depreciation charge on property, plant and equipment during the three months ended 31 March 2017 amounted to AED 27,000 thousand (*31 March 2016: AED 21,341 thousand*).

7 Goodwill

For the purpose of impairment testing goodwill is allocated to four cash generating units within the Group where goodwill is monitored for internal management purposes. Impairment testing is conducted on an annual basis.

8 Inventories

During the three months ended 31 March 2017, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 1,433 thousand (*31 March 2016: AED 1,860 thousand*). The charge is included in cost of sales.

Furthermore, the Group has written off a previous provision for slow, non-moving and obsolete inventory of AED 374 thousand (*31 March 2016: AED 766 thousand*).

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

9 Trade and other receivables

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Trade receivables	331,756	293,841
Allowance for impairment loss	(20,796)	(13,400)
	310,960	280,441
Prepayments	50,247	40,786
Other receivables	50,018	25,472
	411,225	346,699

During the three months ended 31 March 2017, the Group acquired an allowance for impairment loss of AED 5,865 thousand from Delta Water Factory Company Limited and recorded an allowance for impairment loss of AED 1,554 thousand (*31 March 2016: nil*). Further, the Group has written off an allowance for impairment loss of AED 23 thousand (*31 March 2016: AED 90 thousand*).

10 Cash and bank balances

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

	31 March 2017 AED '000	31 March 2016 AED '000	31 December 2016 AED '000
Cash in hand	1,750	1,617	1,362
Current and saving accounts	102,421	158,752	65,276
Cash and bank balances	104,171	160,369	66,638
Escrow account (for dividend distribution 2009 to 2014)	(26,917)	(27,092)	(26,948)
Bank overdraft	(7,635)	-	(18,317)
Cash and cash equivalents in the statement of cash flows	69,619	133,277	21,373
Cash and bank balances	104,171	160,369	66,638
Fixed deposits	466,682	458,451	485,817
	570,853	618,820	552,455

Fixed deposits above are for a period not more than one year (*31 March 2016: not more than one year*) carrying interest rates varying from 2.95%-3.30% (*31 March 2016: 1.50%-2.55%*).

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.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

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.

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Credit facilities	218,464	231,541
Short term loan	47,754	55,101
Bank overdraft	7,635	18,317
	<u>273,853</u>	<u>304,959</u>
Non-current liabilities		
Term loans***	<u>348,928</u>	<u>165,303</u>

Terms and repayment schedule

Amounts in AED'000

	Currency	Interest Rate	Year of maturity	<u>31 March 2017</u>		<u>31 December 2016</u>	
				Facility value/limit	Carrying amount	Facility value/limit	Carrying amount
Short term loan**	USD/ AED/ EGP	LIBOR/ EIBOR/ mid corridor rate + margin*	2017	144,991	55,389	145,023	73,418
Credit Facility**	USD/ AED/ EGP	LIBOR/ EIBOR/ mid corridor rate+ margin*	2017	717,340	218,464	717,340	231,541
Credit Facility (Capex)**	USD/ AED	LIBOR/ EIBOR + margin*	2017	50,000	-	50,000	-
Term loan 1	USD	LIBOR + margin*	2020	165,303	165,303	165,303	165,303
Term loan 2***	AED	EIBOR + margin*	2022	183,625	183,625	-	-
Total				<u>1,261,259</u>	<u>622,781</u>	<u>1,077,666</u>	<u>470,262</u>

* Margin on the above loans and facilities varies from 0.50% - 1.35% (2016: 0.50% - 1.25%).

Agthia Group PJSC

Notes to the condensed consolidated interim financial information
for the period ended

11 Bank borrowings (continued)

**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 2017, Group availed a loan of AED 183,625 thousand for a tenure of five years repayable in 2022. 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 three months ended 31 March

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.
 - Business operation of Delta Water 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)* for the period ended

12 Segment reporting *(continued)*

Segment wise operating results of the Group, for the three 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			
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
External revenues	255,093	282,336	224,250	164,312	41,327	39,258	265,578	203,570	520,671	485,906
Gross profit	61,028	93,459	111,134	78,447	6,786	4,477	117,921	82,924	178,949	176,384
Reportable segment profit/(loss)	38,085	71,691	37,631	25,682	(2,369)	(5,744)	35,262	19,938	73,346	91,629
<i>Material non cash items;</i>										
Impairment losses on trade receivables (net)	136	-	1,397	(66)	(2)	(24)	1,395	(90)	1,531	(90)

Agthia Group PJSC

Notes to the condensed consolidated interim financial information *(continued)*
for the period ended

12 Segment reporting *(continued)*

Reconciliations of reportable segments' profit or loss

Gross profit for the three months period ended

	31 March 2017 AED'000	31 March 2016 AED'000
Total gross profit for reportable segments	178,949	176,384
<i>Unallocated amounts</i>		
Other operating expenses	(4,019)	(4,200)
	<hr/>	<hr/>
Consolidated gross profit for the period	174,930	172,184
	<hr/> <hr/>	<hr/> <hr/>

Profit for the three months period ended

	31 March 2017 AED'000	31 March 2016 AED'000
Total profit for reportable segments	73,346	91,629
<i>Unallocated amounts</i>		
Other operating expenses	(22,468)	(25,244)
Net finance income	1,556	1,125
	<hr/>	<hr/>
Consolidated profit for the period	52,434	67,510
	<hr/> <hr/>	<hr/> <hr/>

Reportable segment assets and liabilities are as follows:

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Segment Assets		
Agri Business Division	621,352	626,308
Consumer Business Division	1,229,262	1,134,168
	<hr/>	<hr/>
Total assets for reportable segment	1,850,614	1,760,476
Other unallocated amounts	985,368	784,628
	<hr/>	<hr/>
Consolidated total assets	2,835,982	2,545,104
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Agri Business Division	171,453	133,426
Consumer Business Division	228,877	196,582
	<hr/>	<hr/>
Total liabilities for reportable segment	400,330	330,008
Other unallocated amounts	691,189	529,410
	<hr/>	<hr/>
Consolidated total liabilities	1,091,519	859,418
	<hr/> <hr/>	<hr/> <hr/>

Agthia Group PJSC

Notes to the condensed consolidated interim financial information *(continued)*
for the period ended

13 Trade and other payables

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Trade payables	151,637	110,448
Accruals	174,535	149,189
Other payables	64,530	59,001
	<u>390,702</u>	<u>318,638</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 three months period was as follows:

	31 March 2017 AED'000	31 March 2016 AED'000
Short term employment benefits	4,113	5,693
Long term employment benefits	831	1,369
	<u>4,944</u>	<u>7,062</u>

b. Amounts due from related parties

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
<i>Emirates Iron & Steel Company LLC - affiliate</i>		
Opening balance	316	199
Sales during the period / year	119	664
Amount received	(321)	(547)
	<u>114</u>	<u>316</u>

Agthia Group PJSC

Notes to the condensed consolidated interim financial information *(continued)*
for the period ended

14 Transactions with related parties *(continued)*

b. Amounts due from related parties *(continued)*

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (unaudited)
<i>Dubai Cable Company (Private) Limited - affiliate</i>		
Opening balance	64	41
Sales during the period / year	34	177
Amount received	(52)	(154)
	<hr/>	<hr/>
Closing balance	46	64
Total amounts due from related parties	160	380
	<hr/> <hr/>	<hr/> <hr/>

c. Amounts due to related parties

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (unaudited)
<i>General Holding Corporation PJSC (SENAAT) – parent</i>		
Opening balance	226	411
Other expenses	255	272
Payments	(20)	(457)
	<hr/>	<hr/>
Closing balance	461	226
	<hr/> <hr/>	<hr/> <hr/>
	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
<i>Al Foah Company LLC – affiliate</i>		
Opening balance	1,579	102
Local purchases	3,536	15,108
Other expenses	-	(2,097)
Payments	(2,627)	(11,534)
	<hr/>	<hr/>
Closing balance	2,488	1,579
Total amounts due to related parties	2,949	1,805
	<hr/> <hr/>	<hr/> <hr/>

Agthia Group PJSC

Notes to the condensed consolidated interim financial information *(continued)*
for the period ended

15 Contingent liabilities and capital commitments

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Bank guarantees and letters of credit	69,013	70,327
Capital commitments	54,493	60,714

At 31 March 2017, guarantees of AED 53,911 thousand were outstanding *(31 December 2016: AED 54,347 thousand)* and is included in bank guarantees and letter of credit above.

The above bank 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.

Non-cancellable operating lease rentals are payable as follows:

	31 March 2017 AED'000 (unaudited)	31 December 2016 AED'000 (audited)
Less than one year	19,932	20,007
Between one and five years	31,719	30,112
More than five years	35,439	35,439
	87,090	85,558

The Group has leasehold land, building and vehicles under operating leases. The lease terms are with option to renew the lease at the time of expiry.

16 Dividends

At the Annual General Meeting held on 26 April 2017, shareholders' approved payment of AED 90,000 thousand for the year ended 31 December 2016 *(2016: AED 75,000 thousand for the year ended 31 Dec 2015)* as cash dividend which represents 15% of the issued and paid up capital of the Group.

Agthia Group PJSC

Notes to the condensed consolidated interim financial information *(continued)*
for the period ended

17 Acquisition of subsidiary

During 2017, the Group acquired 100% shares of Delta Water Factory Company Limited based in Jeddah, Kingdom of Saudi Arabia (KSA) producing “Al Ain” brand water. The acquisitions enable Agthia to enter KSA market for the first time with its “Al Ain” water brand, the leading bottled water brand in UAE. Delta’s water business has been present in Saudi Arabia for three decades and is a growing and cash generating operation.

Currently the Group is in the process of finalising the fair valuation and purchase price allocation of Delta water hence the figures included in these condensed consolidated interim financial information reflects only provisional amounts.

The provisional assets and liabilities recognised as a result of the acquisition in the condensed interim financial information as at 31 March 2017 are as follows:

	Fair value AED’000
Net assets acquired	
Property, plant and equipment	41,282
Inventories	4,311
Cash and bank	1,012
Other current assets	30,803
Other current liabilities	(17,779)
Provision for end of service benefit	(8,977)
Net identifiable assets acquired	<u>50,652</u>
Share of net identifiable assets acquired (100%)	50,652
Goodwill	138,111
Total consideration (satisfied by cash)	<u><u>188,763</u></u>