AGTHIA GROUP PJSC

Review report and condensed consolidated financial statements for the six-months period ended 30 June 2018
AGTHIA GROUP PJSC

Review report and condensed consolidated financial statements
for the six-months period ended 30 June 2018

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<td>10-33</td>
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Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our first half report along with the consolidated financial statements of Agthia Group PJSC (“the Company) and its subsidiaries (“the Group”) for the period ended 30th June 2018 (“the period”).

It is a strong fact that wide ranging economic measures that have been taken in the past few years in response to relatively lower oil prices have created a “new normal” for our markets. As our consumers respond by spending less, shifting pack sizes, switching brands, or searching for promotions much more intensively than before, we as producers and marketers are adjusting ourselves to this new reality. Given the additional burden of subsidy withdrawal that we as Agthia had to weather in these past two years, I strongly believe that we have been successful in our endeavor; we became leaner, more productive and more innovative in order to drive value and stay competitive.

It is under this pressure that in the first half of this year Agthia endured, not only growing the feed, food and water businesses but also continuing with the remarkable profit turnaround of some our categories. Strong volume growth in Water in the UAE (Bottled Water: 5 percent versus 2.6 percent market growth; 5-Gallon: 11 percent) has helped mitigate the impact of soft consumer spending throughout the region. Our brands maintained their market positions, and Al Ain Water maintained its clear leadership in the water market in the UAE at 29 percent and 27 percent volume and value share, respectively.

**Group net revenues for the period reached AED 1.01 billion.** This represents 1 percent like-for-like growth when a number of non-repeating revenues booked in the corresponding period of last year were taken out, namely the additional months of consolidation pertaining to the acquisition of the Saudi water business, opportunistic bulk trading of grains, and exports to Qatar.

**Group net profit for the period recorded AED 109 million.** Like-for-like net profit registered 6 percent growth, when one-time extra-ordinary income on transfer of lease of the Ice Crystal factory, other operating income related to the wheat safety stocks and the profit impact of non-repeating revenue items mentioned above that were recorded in last year’s financials are excluded. It is worth mentioning that this performance is achieved despite significantly reduced flour subsidy in the Bakery channel since the second half of last year.
CONSUMER BUSINESSES

In aggregate, Consumer segment posted AED 543 million net revenues and AED 84 million net profit for the period, and contributed 54 percent of the Group revenues. Like-for-like revenues and profit recorded 1 percent and 6 percent growth, respectively.

Food (Tomato Paste and Frozen Vegetables, Trading Items, Dairy, Bakery) continues its remarkable business turnaround both in the UAE and Egypt. Overall net segment revenues totaled AED 105 million, an increase of AED 14 million or 15 percent when compared to last year. Net segment profit recorded AED 4.5 million, a complete turnaround from last year’s AED 2.1 million net segment loss. Trading Items continued to drive the growth, and we are optimistic about additional growth opportunities as the agreement that was signed in the first quarter of this year with Abu Dhabi, Al Ain and Al Dhafra Region Municipalities over the management of retail outlets starts to kick in fully in the second half of the year. Tomato Paste and Frozen Vegetables posted strong revenue and profit growth too. Dairy remained short of last year both in revenue and profit in a declining market.

Water net revenues for the period reached AED 405 million and stayed flat versus year ago on a like-for-like basis. Both Bottled Water and 5-Gallon Water displayed strong volume growth in the UAE – 5 percent and 11 percent, respectively. In the case of 5-Gallon, strong volume was also reflected in equally solid 9 percent net revenue increase. In Bottled Water, aggressive price promotions in the UAE as a response to growing price consciousness of consumers have resulted in reduced net pricing, turning market value growth to negative territory despite positive volume growth. During the period, brand health was successfully maintained in the UAE, and Al Ain Bottled Water continued its volume and value share leadership at 29 and 27 percent, respectively. Including our other brands, Alpin and Al Bayan, Agthia’s total volume share in the bottled water market reached 31 percent. Al Ain Zero maintained its position within top five bottled water brands in the UAE with over 4 percent volume share. In Saudi Arabia, both consumers and markets are correcting themselves in the aftermath of changes in their long-established economic and societal constants. Weak demand that we are currently experiencing in our Saudi business is one outcome of this transformation that we believe is temporary and will only result in more prosperity both for the country in general and for Agthia. In Kuwait, our joint venture bottled water factory is now fully functional and commercial operations started as of the second week of July. In Turkey, our subsidiary is now profitable after some years of net losses.
Beverages net revenues recorded AED 34 million and remained behind last year. Juice category in the UAE is still under pressure with both volume and value declining in high single-digits. We experience a great deal of switched buying patterns to multi serve packs, smaller pack sizes and to cheaper juice segments from more expensive pure and nectar segments as a result of increased price sensitivity by the consumers. On the other hand, we maintained our gross profit margin, and net profit has improved mainly on account of lower spending.

AGRI BUSINESSES

In aggregate, Agri segment posted AED 464 million net revenues and AED 66 million net profit for the period.

Animal Feed net revenues for the period reached AED 280 million. Excluding last year’s revenues of Qatar exports and bulk grain trading that amounted to AED 26 million, this year’s sales represent 5 percent like-for-like growth over last year. This solid growth in business performance is attributable to higher volume in municipality outlets and still-subsidized commercial farms in addition to price increases in the unsubsidized open market, following recent commodity cost price increases. Net segment profit at AED 32 million has doubled over last year’s profit mainly by virtue of better mix in favor of subsidized items and strict cost optimization across all business functions.

Flour net revenues for the period reached AED 184 million. With a significantly smaller subsidized environment where soft consumer offtake and continued inflow of cheap imported flour are restricting profitable growth options, and our revenues and net segment profit are in decline versus year ago in accordance with our expectations.

All in all, I am proud to see that we are still maintaining our market leadership positions, and a solid financial stability, against all odds. Even in the face of these challenging market conditions across the region, I can assure you that we will continue to do our best by working even harder in order to keep our promise to continue to deliver sustainable profitable growth for the benefit of all of our stakeholders.

Rashed Hamad Al Dhaheri
Vice Chairman
5 August 2018
REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors
Aghthia Group PJSC
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Aghthia Group PJSC ("the Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2018 and the related condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The Group’s consolidated financial statements as at 31 December 2017 were audited by another auditor whose report dated 28 February 2018 expressed an unmodified opinion thereon. The prior period comparative interim financial information for the six-months period ended 30 June 2017, was reviewed by another auditor who issued an unmodified conclusion dated 26 July 2017.

Deloitte & Touche (M.E.)

Obada Al-Kowatly
Registration Number 1056

05 AUG 2018
Abu Dhabi
United Arab Emirates

Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutaseem Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practising auditors with the UAE Ministry of Economy.
AGTHIA GROUP PJSC

Condensed consolidated statement of financial position as at 30 June 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(audited)</td>
</tr>
<tr>
<td></td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>6</td>
<td>1,098,960</td>
</tr>
<tr>
<td>Advances for property, plant and equipment</td>
<td>6</td>
<td>3,863</td>
</tr>
<tr>
<td>Goodwill</td>
<td>7</td>
<td>275,933</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>8</td>
<td>87,816</td>
</tr>
<tr>
<td>Other financial assets</td>
<td></td>
<td>4,665</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>1,471,237</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>9</td>
<td>296,134</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10</td>
<td>537,016</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>14</td>
<td>272</td>
</tr>
<tr>
<td>Government compensation receivable</td>
<td></td>
<td>75,750</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>11</td>
<td>646,104</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>1,555,276</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>3,026,513</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Legal reserve</td>
<td></td>
<td>167,459</td>
</tr>
<tr>
<td>Translation reserve</td>
<td></td>
<td>(50,723)</td>
</tr>
<tr>
<td>Other reserve</td>
<td></td>
<td>(3,324)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
<td>1,112,994</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the Company</strong></td>
<td></td>
<td>1,826,406</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td></td>
<td>31,881</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
<td>1,858,287</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for employees’ end of service benefits</td>
<td></td>
<td>72,202</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>12</td>
<td>295,347</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td></td>
<td>367,549</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>12</td>
<td>370,775</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>13</td>
<td>427,099</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>14</td>
<td>2,803</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>800,677</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>1,168,226</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td></td>
<td>3,026,513</td>
</tr>
</tbody>
</table>

Rashed Hamid Al Dhaheri  Tariq Al Wahedi  Fatih Yeldan
Vice Chairman  Chief Executive Officer  Chief Financial Officer

The accompanying notes form an integral part of these condensed consolidated financial statements.
AGTHIA GROUP PJSC

Condensed consolidated statement of profit or loss (unaudited)
for the six-months period ended 30 June 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Three months period ended 30 June</th>
<th>Six months period ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 AED'000</td>
<td>2017 AED'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>516,812</td>
<td>546,850</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>(337,486)</td>
<td>(357,627)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>179,326</td>
<td>189,223</td>
</tr>
<tr>
<td>Selling and distribution expenses</td>
<td>(79,627)</td>
<td>(85,988)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(39,967)</td>
<td>(43,314)</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(1,907)</td>
<td>(1,696)</td>
</tr>
<tr>
<td>Other income, net</td>
<td>3,505</td>
<td>4,738</td>
</tr>
<tr>
<td>Operating profit</td>
<td>61,330</td>
<td>62,963</td>
</tr>
<tr>
<td>Finance income</td>
<td>7,384</td>
<td>5,602</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(7,377)</td>
<td>(3,118)</td>
</tr>
<tr>
<td>Profit for the period before income tax</td>
<td>61,337</td>
<td>65,447</td>
</tr>
<tr>
<td>Income tax (expense)/credit</td>
<td>(311)</td>
<td>344</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>61,026</td>
<td>65,791</td>
</tr>
</tbody>
</table>

Attributable to:

Owners of the Company | 62,014 | 65,791 | 109,114 | 118,225 |
Non-controlling interest | (988) | - | (1,607) | - |

|       | 61,026 | 65,791 | 107,507 | 118,225 |

Basic and diluted earnings per share (AED) 15 | 0.103 | 0.110 | 0.182 | 0.197 |

The accompanying notes form an integral part of these condensed consolidated financial statements.
AGTHIA GROUP PJSC

Condensed consolidated statement of comprehensive income (unaudited) for the six-months period ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Three months period ended 30 June</th>
<th>Six months period ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 AED‘000</td>
<td>2017 AED‘000</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>61,026</td>
<td>65,791</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that are or may be subsequently reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation difference on foreign operations</td>
<td>(7,249)</td>
<td>967</td>
</tr>
<tr>
<td>Cash flow hedge – effective portion of changes in fair value</td>
<td>-</td>
<td>1,482</td>
</tr>
<tr>
<td>Cash flow hedge – reclassified to profit or loss</td>
<td>-</td>
<td>2,761</td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td>808</td>
<td>-</td>
</tr>
<tr>
<td>Re-measurement of end of service benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other comprehensive (loss)/income</td>
<td>(6,441)</td>
<td>5,210</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>54,585</td>
<td>71,001</td>
</tr>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>55,913</td>
<td>71,001</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(1,328)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>54,585</td>
<td>71,001</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these condensed consolidated financial statements.
**AGTHIA GROUP PJSC**

Condensed consolidated statement of changes in equity for the six-months period ended 30 June 2018

<table>
<thead>
<tr>
<th></th>
<th>Share capital AED'000</th>
<th>Legal reserve AED'000</th>
<th>Translation reserve AED'000</th>
<th>Other reserve AED'000</th>
<th>Retained earnings AED'000</th>
<th>Attributable to Owners of the Company AED'000</th>
<th>Non-controlling interest AED'000</th>
<th>Total AED'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 31 December 2016 (audited)</strong></td>
<td>600,000</td>
<td>146,850</td>
<td>(40,303)</td>
<td>(19,260)</td>
<td>998,399</td>
<td>1,685,686</td>
<td>-</td>
<td>1,685,686</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>118,225</td>
<td>118,225</td>
<td>118,225</td>
</tr>
<tr>
<td><strong>Other comprehensive income for the period:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Foreign currency translation difference on foreign operations</td>
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<tr>
<td>Cash flow hedge – effective portion of changes in fair value</td>
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<tr>
<td>Cash flow hedge – reclassified to profit or loss</td>
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<tr>
<td><strong>Total comprehensive income for the period</strong></td>
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</tr>
<tr>
<td><strong>Dividend for the year 2016 (note 20)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(90,000)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2017 (unaudited)</strong></td>
<td>600,000</td>
<td>146,850</td>
<td>(40,163)</td>
<td>(7,847)</td>
<td>1,026,624</td>
<td>1,725,464</td>
<td>-</td>
<td>1,725,464</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2017 (audited)</strong></td>
<td>600,000</td>
<td>167,459</td>
<td>(42,036)</td>
<td>(6,445)</td>
<td>1,093,880</td>
<td>1,812,858</td>
<td>33,641</td>
<td>1,846,499</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Other comprehensive income/(loss) for the period:</strong></td>
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<td></td>
</tr>
<tr>
<td>Foreign currency translation difference on foreign operations</td>
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<td>Cash flow hedge – effective portion of changes in fair value</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Re-measurement of end of service benefits</td>
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<td></td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the period</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Dividend for the year 2017 (note 20)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(90,000)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2018 (unaudited)</strong></td>
<td>600,000</td>
<td>167,459</td>
<td>(50,723)</td>
<td>(3,324)</td>
<td>1,112,994</td>
<td>1,826,406</td>
<td>31,881</td>
<td>1,858,287</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these condensed consolidated financial statements.
AGTHIA GROUP PJSC

Condensed consolidated statement of cash flows (unaudited) for the six-months period ended 30 June 2018

<table>
<thead>
<tr>
<th>Notes</th>
<th>Six-months period ended 30 June</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018 AED'000</td>
<td>2017 AED'000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Profit for the period</td>
<td>107,507</td>
<td>118,225</td>
</tr>
<tr>
<td></td>
<td>Adjustments for:</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Depreciation of property, plant and equipment</td>
<td>6</td>
<td>52,587</td>
</tr>
<tr>
<td></td>
<td>Amortisation of intangible assets</td>
<td>8</td>
<td>1,272</td>
</tr>
<tr>
<td></td>
<td>Finance income</td>
<td>(10,219)</td>
<td>(11,369)</td>
</tr>
<tr>
<td></td>
<td>Finance expense</td>
<td>11,840</td>
<td>7,467</td>
</tr>
<tr>
<td></td>
<td>Provision for employees’ end of service benefits</td>
<td>12</td>
<td>6,016</td>
</tr>
<tr>
<td></td>
<td>Movement in allowance for impairment losses of trade receivables, net</td>
<td>10</td>
<td>2,790</td>
</tr>
<tr>
<td></td>
<td>Gain on sale of property, plant and equipment</td>
<td>6</td>
<td>(677)</td>
</tr>
<tr>
<td></td>
<td>Income tax expense</td>
<td>466</td>
<td>205</td>
</tr>
<tr>
<td></td>
<td>Movement in provision for slow moving inventory, net</td>
<td>9</td>
<td>235</td>
</tr>
<tr>
<td></td>
<td>Property, plant and equipment written off</td>
<td>6</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>Net cash from operating activities before movement in working capital</td>
<td></td>
<td>171,953</td>
</tr>
<tr>
<td></td>
<td>Change in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventories</td>
<td>17,226</td>
<td>37,195</td>
</tr>
<tr>
<td></td>
<td>Trade and other receivables</td>
<td>(135,070)</td>
<td>(74,528)</td>
</tr>
<tr>
<td></td>
<td>Due from related parties</td>
<td>115</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>Government compensation receivable</td>
<td>(40,122)</td>
<td>14,604</td>
</tr>
<tr>
<td></td>
<td>Due to related parties</td>
<td>(137)</td>
<td>3,886</td>
</tr>
<tr>
<td></td>
<td>Trade and other payables</td>
<td>1,713</td>
<td>78,098</td>
</tr>
<tr>
<td></td>
<td>Other financial assets</td>
<td>(778)</td>
<td>(3,466)</td>
</tr>
<tr>
<td></td>
<td>Cash generated from operating activities</td>
<td></td>
<td>14,900</td>
</tr>
<tr>
<td></td>
<td>Payment of employees’ end of service benefits</td>
<td></td>
<td>(6,524)</td>
</tr>
<tr>
<td></td>
<td>Income tax paid</td>
<td>(466)</td>
<td>(288)</td>
</tr>
<tr>
<td></td>
<td>Net cash from operating activities</td>
<td></td>
<td>7,910</td>
</tr>
<tr>
<td></td>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acquisition of property, plant and equipment</td>
<td>6</td>
<td>(36,893)</td>
</tr>
<tr>
<td></td>
<td>Net movement in fixed deposits</td>
<td>38,517</td>
<td>(23,064)</td>
</tr>
<tr>
<td></td>
<td>Interest received</td>
<td>11,515</td>
<td>10,608</td>
</tr>
<tr>
<td></td>
<td>Proceeds from sale of property, plant and equipment</td>
<td>6</td>
<td>1,069</td>
</tr>
<tr>
<td></td>
<td>Acquisition of subsidiary</td>
<td>-</td>
<td>(187,751)</td>
</tr>
<tr>
<td></td>
<td>Other advances</td>
<td>-</td>
<td>(34,021)</td>
</tr>
<tr>
<td></td>
<td>Net cash from/(used in) investing activities</td>
<td></td>
<td>14,208</td>
</tr>
<tr>
<td></td>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dividend paid</td>
<td>20</td>
<td>(90,000)</td>
</tr>
<tr>
<td></td>
<td>Bank borrowings, net</td>
<td>12</td>
<td>20,741</td>
</tr>
<tr>
<td></td>
<td>Interest paid</td>
<td>12</td>
<td>(12,580)</td>
</tr>
<tr>
<td></td>
<td>Proceed from long term loan</td>
<td>12</td>
<td>21,143</td>
</tr>
<tr>
<td></td>
<td>Proceeds from settlement of derivative, net</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Net cash flows (used in)/From financing activities</td>
<td></td>
<td>(60,696)</td>
</tr>
<tr>
<td></td>
<td>(Decrease)/increase in cash and cash equivalents</td>
<td></td>
<td>(38,578)</td>
</tr>
<tr>
<td></td>
<td>Effect of foreign exchange</td>
<td>(812)</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents as at 1 January</td>
<td></td>
<td>53,853</td>
</tr>
<tr>
<td></td>
<td>Cash and cash equivalents as at 30 June</td>
<td></td>
<td>14,463</td>
</tr>
</tbody>
</table>

The accompanying notes form an integral part of these condensed consolidated financial statements.
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018

1 General information

Agthia Group PJSC ("the Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 51% of the Company’s shares which is wholly owned by the Government of Abu Dhabi.

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

The registered office of the Company is at P.O. Box 37725, Abu Dhabi, United Arab Emirates.

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

<table>
<thead>
<tr>
<th>Name of the subsidiary</th>
<th>Place of incorporation and operation</th>
<th>Share of equity (%)</th>
<th>Principal activities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>30 June 2018</td>
<td>31 December 2017</td>
</tr>
<tr>
<td>Grand Mills Company PJSC</td>
<td>UAE</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Al Ain Food and Beverages PJSC (AAFB-UAE)</td>
<td>UAE</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Agthia Group Egypt LLC (Agthia Egypt)</td>
<td>Egypt</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi (Agthia Turkey)</td>
<td>Turkey</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Al Bayan Purification and Potable Water LLC</td>
<td>UAE</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Shaklan Plastic Manufacturing Co. LLC</td>
<td>UAE</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Al Manal Purification and Bottling of Mineral Water LLC</td>
<td>Oman</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Delta Bottled Water Factory Company Limited</td>
<td>KSA</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Al Rammah National For General Trading and Contracting Company WLL</td>
<td>Kuwait</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Gulf National Forage Company LLC</td>
<td>UAE</td>
<td>51</td>
<td>51</td>
</tr>
</tbody>
</table>

Production and sale of flour and animal feed.

Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables and frozen baked products, and trading products.

Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.

Production, bottling and sale of bottled water.

Production, bottling and sale of bottled water.

Production of plastic bottles and containers.

Production, bottling and sale of bottled water.

Production, bottling and sale of bottled water.

Production, bottling and sale of bottled water.

Import and wholesale of fodder.
Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

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

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

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these condensed consolidated financial statements.

The Group applies, for the first time, IFRS 9 *Financial Instruments* (2014) and IFRS 15 *Revenue from contracts with customers* that are required to be applied retrospectively with adjustment to made in the opening balance of equity, if any. As required by IAS 34, the nature and effect of these changes are disclosed in Note 4 to these condensed consolidated financial statements.

In the current period, the Group has also applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2018. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Group’s future transactions or arrangements.

- Conceptual Framework for Financial Reporting 2018
- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* deleting short-term exemptions for first-time adopters
- Amendments to IFRS 2 Amendments to IFRS 2 *Share-based Payment Transactions* clarifying the classification and measurement of share-based payment transactions
- Amendments to IFRS 4 *Insurance Contracts* applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*
- Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9
- Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the ‘own use’ scope exception
- Amendments to IAS 40 *Investment properties* clarifying transfers or property to, or from, investment property
- Annual Improvements to IFRSs 2014–2016 Cycle to remove short-term exemptions and clarifying certain fair value measurements
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures* providing clarification on measuring investees at fair value through profit or loss is an investment-by-investment choice

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2018.
Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

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

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

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

<table>
<thead>
<tr>
<th>New and revised IFRSs</th>
<th>Effective for annual periods beginning on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS 16 <em>Leases</em></td>
<td>1 January 2019</td>
</tr>
</tbody>
</table>

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 17 *Insurance Contracts* requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.


IFRIC 23 *Uncertainty over Income Tax Treatments*: The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- whether tax treatments should be considered collectively;
- assumptions for taxation authorities' examinations;
- the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- the effect of changes in facts and circumstances.

Amendments in IFRS 9 *Financial Instruments* relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

1 January 2019
2 Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

**New and revised IFRSs**

Amendment to IAS 19 *Employee Benefits*: The Amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

Amendments in IAS 28 *Investments in Associates and Joint Ventures* relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Effective for annual periods beginning on or after

<table>
<thead>
<tr>
<th>Amendment</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).</td>
<td></td>
</tr>
<tr>
<td>Amendments in IAS 28 <em>Investments in Associates and Joint Ventures</em> relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.</td>
<td>1 January 2019</td>
</tr>
<tr>
<td>Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 <em>Investments in Associates and Joint Ventures</em> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.</td>
<td>Effective date deferred indefinitely. Adoption is still permitted.</td>
</tr>
</tbody>
</table>

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

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of the laws in the U.A.E.

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

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

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended 31 December 2017. In addition, results for the six-months period ended 30 June 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

4 Summary of significant accounting policies

Except as stated below, the accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group consolidated financial statements as at and for the year ended 31 December 2017, the changes in accounting policies are also expected to be reflected in the annual consolidated financial statements for the year then ending 31 December 2018.

The Group applied IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments during the period. As required by IAS 34, the nature and effect of these changes are disclosed in these condensed consolidated financial statements, if any. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and their related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligation in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
4 Summary of significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, the Group has not applied the requirements of IFRS 15 to the comparative period presented.

The Group is in the business of production and sale of various goods in the food and beverages sector and other trading products. The goods are generally sold on their own in separately identified contracts with customers.

The details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group’s sale of goods are set out below:

Sale of goods:

The Group’s contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue to be recognised.

Variable consideration and discounts

Some contracts for the sale of goods provide customers with a right of return and volume rebates. Prior to the adoption of IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved.

Under IFRS 15, rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

Right of return

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.
Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

4 Summary of significant accounting policies (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

Right of return (continued)

Prior to adoption of IFRS 15, the amount of revenue related to the expected returns was deferred and
recognised in the condensed consolidated statement of financial position within trade and other payables
with a corresponding adjustment to cost of sales. The initial carrying amount of goods expected to be
returned was included within inventories.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the
customer to return the products, if any. The Group uses the expected value method to estimate the goods
that will be returned because this method best predicts the amount of variable consideration to which the
Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable
consideration to determine the amount of variable consideration that can be included in the transaction
price. The Group presents a refund liability and an asset for the right to recover products from a customer
separately in the condensed consolidated statement of financial position. Upon adoption of IFRS 15, the
Group does not have a significant impact resulted in recognition of rights of return assets and refunded
liabilities to the condensed consolidated financial statements nor the basic and diluted earnings per share.

Volume rebates

The Group provides retrospective volume rebates to selected customers and products as per terms specified
in the contract. Rebates are offset against amounts payable by the customer on subsequent purchases. Prior
to adoption of IFRS 15, the Group estimated the expected volume rebates using the probability-weighted
average amount of rebates approach and included a provision for rebates in Trade and other payables.

Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable
consideration to which it will be entitled, the Group applied the proper method to each customer as per the
agreed upon rebate scheme that best predicts the amount of variable consideration. The Group then applies
the requirements on constraining estimates of variable consideration. Upon adoption of IFRS 15, the Group
recognised Contract liabilities for the expected future rebates. the Group does not have a significant impact
resulted in recognition of Contract liabilities and the decrease of Trade and other payables to the condensed
consolidated financial statements nor the basic and diluted earnings per share.

Considerations paid or payable to customers

The Group pays exclusivity fees, display fees, remodeling fees, opening fees, and listing fees to certain
customers for providing various services. The Group assesses whether these services are distinct when
compared to the goods sold to the customers. The distinct or non-distinct services are then recognised as
selling and distribution expenses or netted against revenue, respectively.

Based on the Group’s overall assessment of IFRS 15, the Group concluded that the application of IFRS 15
has no material impact on these condensed consolidated financial statements nor the basic and diluted
earnings per share. Further, the Group has assessed the disclosure requirements of IFRS 15 and as there has
been no significant change in timing of revenue recognition and its reporting segments therefore, the Group
has concluded that IFRS 15 has no significant impact on disclosures on these condensed consolidated
financial statements.
4 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 is generally recognised in retained earnings and reserves as at 1 January 2018. The new hedge accounting requirements are also applied prospectively. Since there is no hedge relationship as at 31 December 2017 and 30 June 2018, above transition have no effect.

As a result of IFRS 9 adoption, the Group concluded that the adoption of IFRS 9 has no material impact on these condensed consolidated financial statements.

Classification and measurement

IFRS 9 contains new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Group had the following financial assets as at 30 June 2018: contract assets, trade and other receivables, due from related parties, government compensation receivable, other financial assets and cash and cash equivalents.

The Group’s management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate IFRS 9 categories. There was no material impact on the Group’s financial instruments classification on these condensed consolidated financial statements.
Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

4 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Classification and measurement (continued)

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, without any reclassifications noted:

<table>
<thead>
<tr>
<th>Measurement category</th>
<th>Original (IAS 39)</th>
<th>New (IFRS 9)</th>
<th>Carrying amount (AED’ 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract assets and trade receivables (a)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>359,259</td>
</tr>
<tr>
<td>Fixed term deposits (Short-term investments) (b)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>608,017</td>
</tr>
<tr>
<td>Cash and cash equivalents (b)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>53,853</td>
</tr>
<tr>
<td>Government compensation receivable (c)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>35,628</td>
</tr>
<tr>
<td>Other receivables (c)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>30,561</td>
</tr>
<tr>
<td>Due from related parties (c)</td>
<td>Amortised cost</td>
<td>Amortised cost</td>
<td>387</td>
</tr>
<tr>
<td>Other financial assets (c)</td>
<td>FVTPL</td>
<td>FVTPL</td>
<td>3,887</td>
</tr>
</tbody>
</table>

Impairment

a) Contract assets and trade receivables

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This requires considerable judgement about how changes in economic factors affect the ECL, which are determined on a probability-weighted basis.

The new impairment model applies to the financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, a loss allowance is measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For contract assets and trade and other receivables, the Group has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
4 Summary of significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

a) Contract assets and trade receivables (continued)

The Group considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The adoption of the ECL requirements of IFRS 9 had no material impact on impairment allowances of the Group’s financial assets.

b) Cash and cash equivalents (including short term deposits)

Cash and cash equivalents comprise cash and balances with banks in current accounts and short-term deposit, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

The adoption of IFRS 9 had no material impact on the Group’s cash and cash equivalent (including short term deposits).

c) Other adjustments

In addition to the above, upon adoption of IFRS 9, other financial assets of these condensed consolidated financial statements such as government compensation receivables, other receivables, due from related parties and other financial assets had no material impact on the Group’s condensed consolidated financial statements.

Government compensation receivable

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 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 statement of profit or loss is after the deduction of Abu Dhabi Government compensation amounting to AED 74,548 thousand (30 June 2017: AED 81,089 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.
Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

5 Accounting estimates and judgements

The preparation of condensed consolidated 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 financial statements, 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 consolidated financial statements as at and for the year ended 31 December 2017, except for the adoption of new standards as of 1 January 2018.

6 Property, plant and equipment

During the six months period ended 30 June 2018, the Group invested in property, plant and equipment for a net amount of AED 36,893 thousand (30 June 2017: AED 52,367 thousand) of which acquisition of assets amounted to AED 36,918 thousand and advances released amounted to AED 25 thousand (30 June 2017: assets acquired AED 45,510 thousand and advances paid of AED 6,857 thousand).

Assets with a carrying amount of AED 392 thousand were disposed during the six months period ended 30 June 2018 (30 June 2017: AED 960 thousand), resulting in a gain of AED 677 thousand (30 June 2017: gain of AED 6,487 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 2018 amounted to AED 52,587 thousand (30 June 2017: AED 54,271 thousand).

During the period, the Group written off capital work in progress amounting to AED 136 thousand (2017: Nil).

7 Goodwill

For the purpose of impairment testing goodwill is allocated to the Group’s cash generating units where the Group goodwill is monitored for internal management purposes. Impairment testing is conducted on an annual basis. During the six months period ended 30 June 2018, there were no impairment indicators for the goodwill across all cash generating units.

8 Intangible assets

During the six months periods ended 30 June 2018, the Group did not invest in nor dispose of intangible assets.

The amortisation charge on intangible assets during the six months period ended 30 June 2018 amounted to AED 1,272 thousand (30 June 2017: AED 535 thousand).
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

9  Inventories

During the six months ended 30 June 2018, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 1,614 thousand (30 June 2017: AED 4,982 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 1,379 thousand (30 June 2017: AED 1,632 thousand).

10  Trade and other receivables

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 AED'000 (unaudited)</th>
<th>31 December 2017 AED'000 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>463,381</td>
<td>359,259</td>
</tr>
<tr>
<td>Allowance for impairment losses</td>
<td>(27,351)</td>
<td>(24,561)</td>
</tr>
<tr>
<td></td>
<td>436,030</td>
<td>334,698</td>
</tr>
<tr>
<td>Prepayments and advances</td>
<td>66,925</td>
<td>39,477</td>
</tr>
<tr>
<td>Other receivables</td>
<td>34,061</td>
<td>30,561</td>
</tr>
<tr>
<td></td>
<td></td>
<td>537,016</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 AED'000 (unaudited)</th>
<th>31 December 2017 AED'000 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>24,561</td>
<td>13,400</td>
</tr>
<tr>
<td>Provision during the period/year</td>
<td>3,072</td>
<td>6,136</td>
</tr>
<tr>
<td>Write offs / released during the period/year</td>
<td>(282)</td>
<td>(839)</td>
</tr>
<tr>
<td>Acquired during the year</td>
<td></td>
<td>5,864</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27,351</td>
</tr>
<tr>
<td>Closing balance</td>
<td></td>
<td>24,561</td>
</tr>
</tbody>
</table>
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

11 Cash and bank balances

Cash and cash equivalents in the condensed consolidated statement of cash flows is as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 AED’000 (unaudited)</th>
<th>30 June 2017 AED’000 (unaudited)</th>
<th>31 December 2017 AED’000 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>3,294</td>
<td>2,336</td>
<td>2,221</td>
</tr>
<tr>
<td>Current and savings account</td>
<td>73,310</td>
<td>101,745</td>
<td>82,604</td>
</tr>
<tr>
<td><strong>Cash and bank balances</strong></td>
<td><strong>76,604</strong></td>
<td><strong>104,081</strong></td>
<td><strong>84,825</strong></td>
</tr>
<tr>
<td>Escrow account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(for dividend distribution 2009 to 2014)</td>
<td>(26,829)</td>
<td>(26,882)</td>
<td>(26,947)</td>
</tr>
<tr>
<td>Bank overdrafts (Note 12)</td>
<td>(35,312)</td>
<td>(10,158)</td>
<td>(4,025)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td><strong>14,463</strong></td>
<td><strong>67,041</strong></td>
<td><strong>53,853</strong></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>76,604</td>
<td>104,081</td>
<td>84,825</td>
</tr>
<tr>
<td>Fixed deposits</td>
<td>569,500</td>
<td>508,881</td>
<td>608,017</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>646,104</td>
<td>612,962</td>
<td>692,842</td>
</tr>
</tbody>
</table>

Fixed deposits are for a period not more than one year (30 June 2017: not more than one year) carrying interest rates varying from 2.98% - 4.05% (30 June 2017: 2.98% - 3.60%).

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 condensed consolidated statement of cash flows.
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.

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(audited)</td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit facilities</td>
<td>282,900</td>
<td>265,917</td>
</tr>
<tr>
<td>Short term loan</td>
<td>47,839</td>
<td>44,081</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>35,312</td>
<td>4,025</td>
</tr>
<tr>
<td>Term loan</td>
<td>4,724</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>370,775</td>
<td>314,023</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term loans</td>
<td>295,347</td>
<td>278,928</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Terms and repayment schedule</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Amounts in AED’000*

<table>
<thead>
<tr>
<th>Currency</th>
<th>Interest Rate</th>
<th>Year of Maturity</th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Face value /limit</td>
<td>Carrying amount</td>
</tr>
<tr>
<td>Short term loan/bank overdraft</td>
<td>USD/ AED/EGP/KWD</td>
<td>LIBOR/ EIBOR/KIBOR/ mid corridor rate + margin *</td>
<td>2018</td>
<td>153,192</td>
</tr>
<tr>
<td>Credit facilities**</td>
<td>USD/ AED</td>
<td>LIBOR/ EIBOR + margin *</td>
<td>2018</td>
<td>717,340</td>
</tr>
<tr>
<td>Credit facilities (Capex)**</td>
<td>USD/ AED</td>
<td>LIBOR/ EIBOR + margin *</td>
<td>2018</td>
<td>50,000</td>
</tr>
<tr>
<td>Term loan 1***</td>
<td>USD</td>
<td>LIBOR + margin*</td>
<td>2020</td>
<td>165,303</td>
</tr>
<tr>
<td>Term loan 2****</td>
<td>AED</td>
<td>EIBOR + margin*</td>
<td>2022</td>
<td>113,625</td>
</tr>
<tr>
<td>Term loan 3*****</td>
<td>KWD</td>
<td>KIBOR + margin*</td>
<td>2022</td>
<td>21,143</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>1,220,603</td>
</tr>
</tbody>
</table>


AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

12  Bank borrowings (continued)

* Margin on the above loans and facilities varies from 0.50% - 1.35% (2017: 0.50% - 1.35%) for UAE and 1.25% - 3.00% for overseas credit facilities except Turkey. Average interest rate on loan and facilities in Turkey, amounting to AED 2,247 thousand, (2017: AED 1,989 thousand) is 20% (2017: 11.70%).

** Credit facilities includes facilities with face value AED 350,000 thousand and credit facility (Capex) of face value AED 50,000 thousand which are secured by a floating charge over the current assets, inventory and receivables of the Group.

*** The Group has a long-term loan of AED 165,303 thousand for a tenure of five years. The loan is secured by floating charges over the current assets, inventory and receivables of the Group.

**** During 2017, the Group availed a loan of AED 183,625 thousand for a tenure of five years repayable in 2022 with an option for early payment. The Group has repaid an amount of AED 70,000 thousand during 2017. The loan is secured by floating charges over the current assets, inventories and trade receivables of the Group.

***** During 2018, one of the Group’s subsidiary, Al Rammah National General Trading & Consultant Company WLL availed a loan of AED 21,143 thousand for a tenure of four years repayable in 2022. The loan is secured by corporate guarantee of 50% from the Group and the remaining 50% from a third party owning 50% of Al Rammah National General Trading & Consultant Company WLL.

The table below details changes in the Group’s liabilities arising from financing activities, which are those for which cash flows were, or future cash flows will be classified in the Group’s condensed consolidated statement of cash flows as cash flows from financing activities:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED' 000</td>
<td>AED' 000</td>
</tr>
<tr>
<td>(unaudited)</td>
<td></td>
<td>(audited)</td>
</tr>
<tr>
<td>Changes from financing cash flows related to borrowing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>592,951</td>
<td>470,262</td>
</tr>
<tr>
<td>Proceeds from a term loan</td>
<td>21,143</td>
<td>113,625</td>
</tr>
<tr>
<td>Proceeds from bank borrowings</td>
<td>20,741</td>
<td>23,356</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(12,580)</td>
<td>(17,753)</td>
</tr>
<tr>
<td>Total changes from financing cash flow</td>
<td>29,304</td>
<td>119,228</td>
</tr>
<tr>
<td>Other changes/liability related</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>11,840</td>
<td>18,869</td>
</tr>
<tr>
<td>Changes in overdrafts and accruals</td>
<td>32,027</td>
<td>(15,408)</td>
</tr>
<tr>
<td>Total liability-related other changes</td>
<td>43,867</td>
<td>3,461</td>
</tr>
<tr>
<td>Closing balance</td>
<td>666,122</td>
<td>592,951</td>
</tr>
</tbody>
</table>
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

13   Trade and other payables

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>AED’000 (unaudited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>123,479</td>
<td>154,941</td>
</tr>
<tr>
<td>Accruals</td>
<td>214,391</td>
<td>197,865</td>
</tr>
<tr>
<td>Other payables</td>
<td>89,229</td>
<td>72,698</td>
</tr>
<tr>
<td>Total</td>
<td>427,099</td>
<td>425,504</td>
</tr>
</tbody>
</table>

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 period was as follows:

<table>
<thead>
<tr>
<th></th>
<th>3 months period ended</th>
<th>6 months period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2018</td>
<td>30 June 2017</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Short term employment benefits</td>
<td>6,149</td>
<td>6,944</td>
</tr>
<tr>
<td>Long term employment benefits</td>
<td>1,095</td>
<td>1,226</td>
</tr>
<tr>
<td>Total</td>
<td>7,244</td>
<td>8,170</td>
</tr>
</tbody>
</table>
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

14 Transactions with related parties (continued)

b) **Amounts due from related parties**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (audited)</td>
</tr>
<tr>
<td><strong>Emirates Iron &amp; Steel Company LLC – affiliated company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>334</td>
<td>316</td>
</tr>
<tr>
<td>Sales during the period/year</td>
<td>248</td>
<td>594</td>
</tr>
<tr>
<td>Amount received</td>
<td>(407)</td>
<td>(576)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>175</td>
<td>334</td>
</tr>
<tr>
<td><strong>Dubai Cable Company (Private) Limited - affiliated company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>53</td>
<td>64</td>
</tr>
<tr>
<td>Sales during the period/year</td>
<td>88</td>
<td>185</td>
</tr>
<tr>
<td>Amount received</td>
<td>(44)</td>
<td>(196)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>97</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total amount due from related parties</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>272</td>
<td>387</td>
</tr>
</tbody>
</table>

c) **Amounts due to related parties**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018</th>
<th>31 December 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (audited)</td>
</tr>
<tr>
<td><strong>General Holding Corporation PJSC (SENAAT) – parent company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>421</td>
<td>226</td>
</tr>
<tr>
<td>Other expenses</td>
<td>-</td>
<td>255</td>
</tr>
<tr>
<td>Payments</td>
<td>-</td>
<td>(60)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>421</td>
<td>421</td>
</tr>
<tr>
<td><strong>Al Foah Company LLC – affiliated company</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>2,519</td>
<td>1,579</td>
</tr>
<tr>
<td>Local purchases</td>
<td>10,041</td>
<td>13,932</td>
</tr>
<tr>
<td>Payments</td>
<td>(10,178)</td>
<td>(12,992)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>2,382</td>
<td>2,519</td>
</tr>
<tr>
<td><strong>Total amount due to related parties</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,803</td>
<td>2,940</td>
</tr>
</tbody>
</table>
Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

15 Earnings per share

Earnings per share are calculated by dividing the profit for the period attributed to the owners of the Company by the weighted average number of shares in issue throughout the period as follows:

<table>
<thead>
<tr>
<th></th>
<th>3 months period ended</th>
<th>6 months period ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June 2018</td>
<td>30 June 2017</td>
</tr>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Profit for the period (AED’000)</td>
<td>62,014</td>
<td>65,791</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue throughout the period (‘000)</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (AED)</td>
<td>0.103</td>
<td>0.110</td>
</tr>
</tbody>
</table>

As of 30 June 2018 and 2017, the Group has not issued any instruments that have an impact on earnings per share when exercised.

16 Segmental analysis

For operating purposes, the Group is organised as follows:

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 include 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 Al Rammah 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 chili paste, fruit concentrate, frozen vegetables, fresh dairy products and frozen baked products.
  - Business operation 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.
### Segmental analysis (continued)

<table>
<thead>
<tr>
<th></th>
<th>Agri Business Division (ABD)</th>
<th>Consumer Business Division (CBD)</th>
<th>CBD Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flour and animal feed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June</td>
<td>464,323</td>
<td>438,550</td>
<td>104,827</td>
<td>543,377</td>
</tr>
<tr>
<td>2018</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td>30 June</td>
<td>511,459</td>
<td>465,218</td>
<td>90,844</td>
<td>556,062</td>
</tr>
<tr>
<td>2017</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottled water and beverages</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 June</td>
<td>219,282</td>
<td>235,445</td>
<td>21,899</td>
<td>241,181</td>
</tr>
<tr>
<td>2018</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td>30 June</td>
<td>121,189</td>
<td>15,076</td>
<td>250,521</td>
<td>352,192</td>
</tr>
<tr>
<td>2017</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>65,681</td>
<td>79,048</td>
<td>4,474</td>
<td>83,522</td>
</tr>
<tr>
<td>30 June</td>
<td>75,794</td>
<td>89,603</td>
<td>(2,065)</td>
<td>87,538</td>
</tr>
<tr>
<td>2018</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td>30 June</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>AED’000 (unaudited)</td>
<td>AED’000 (unaudited)</td>
<td>AED’000</td>
<td>AED’000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External revenues</td>
<td>1,522</td>
<td>1,500</td>
<td>1,500</td>
<td>3,022</td>
</tr>
<tr>
<td>Total</td>
<td>814</td>
<td>2,363</td>
<td>2,363</td>
<td>3,177</td>
</tr>
</tbody>
</table>

*Material non-cash items*

Impairment losses on trade receivables, net
Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

16 Segmental analysis (continued)

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

**Gross profit for the six months period ended**

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June</td>
<td>30 June</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018 (unaudited)</td>
<td>2017 (unaudited)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AED’000</td>
<td>AED’000</td>
<td></td>
</tr>
<tr>
<td>Total gross profit for reportable segments</td>
<td>352,192</td>
<td>371,710</td>
<td></td>
</tr>
<tr>
<td>Unallocated gross profit</td>
<td>(4,156)</td>
<td>(7,557)</td>
<td></td>
</tr>
<tr>
<td>Consolidated gross profit for the period</td>
<td>348,036</td>
<td>364,153</td>
<td></td>
</tr>
</tbody>
</table>

**Profit for the six months period ended**

<table>
<thead>
<tr>
<th></th>
<th>6 months period ended</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 June</td>
<td>30 June</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2018 (unaudited)</td>
<td>2017 (unaudited)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AED’000</td>
<td>AED’000</td>
<td></td>
</tr>
<tr>
<td>Total profit for reportable segments</td>
<td>149,203</td>
<td>163,332</td>
<td></td>
</tr>
<tr>
<td>Unallocated amounts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(40,049)</td>
<td>(50,747)</td>
<td></td>
</tr>
<tr>
<td>Net finance (expense)/income</td>
<td>(40)</td>
<td>5,640</td>
<td></td>
</tr>
<tr>
<td></td>
<td>109,114</td>
<td>118,225</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(1,607)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Consolidated profit for the period</td>
<td>107,507</td>
<td>118,225</td>
<td></td>
</tr>
</tbody>
</table>
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

16 Segmental analysis (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 (unaudited)</th>
<th>31 December 2017 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segment Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri Business Division</td>
<td>607,481</td>
<td>564,719</td>
</tr>
<tr>
<td>Consumer Business Division</td>
<td>1,435,559</td>
<td>1,355,824</td>
</tr>
<tr>
<td>Total assets for reportable segments</td>
<td>2,043,040</td>
<td>1,920,543</td>
</tr>
<tr>
<td>Unallocated assets</td>
<td>983,473</td>
<td>1,022,318</td>
</tr>
<tr>
<td><strong>Consolidated total assets</strong></td>
<td>3,026,513</td>
<td>2,942,861</td>
</tr>
</tbody>
</table>

| **Segment liabilities**        |                          |                           |
| Agri Business Division         | 159,012                  | 171,694                   |
| Consumer Business Division     | 298,408                  | 253,756                   |
| Total liabilities for reportable segments | 457,420                | 425,450                   |
| Unallocated liabilities        | 710,806                  | 670,912                   |
| **Consolidated total liabilities** | 1,168,226              | 1,096,362                 |

17 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six-months period ended 30 June 2018 and 2017.
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

18  Contingent liabilities and commitments

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 (unaudited)</th>
<th>31 December 2017 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranentes and letters of credit</td>
<td>85,708</td>
<td>70,222</td>
</tr>
<tr>
<td>Capital commitments</td>
<td>34,224</td>
<td>41,317</td>
</tr>
</tbody>
</table>

At 30 June 2018 guarantees of AED 56,083 thousand were outstanding (31 December 2017: AED 59,728 thousand) and is included in guarantees and letter of credit above.

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

Non-cancellable operating lease rentals are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2018 (unaudited)</th>
<th>31 December 2017 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than one year</td>
<td>16,429</td>
<td>16,231</td>
</tr>
<tr>
<td>Between one and five years</td>
<td>33,302</td>
<td>30,024</td>
</tr>
<tr>
<td>More than five years</td>
<td>30,866</td>
<td>31,621</td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td>80,597</td>
<td>77,876</td>
</tr>
</tbody>
</table>

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.
AGTHIA GROUP PJSC

Notes to the condensed consolidated financial statements
for the six-months period ended 30 June 2018 (continued)

19 Fair value of financial instruments

The fair value hierarchy levels have been defined as follows:

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

<table>
<thead>
<tr>
<th>As at 30 June 2018 (unaudited)</th>
<th>Carrying value AED’000</th>
<th>Level 1 AED’000</th>
<th>Level 2 AED’000</th>
<th>Level 3 AED’000</th>
<th>Total AED’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset measured at fair value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>4,665</td>
<td>-</td>
<td>4,665</td>
<td>-</td>
<td>4,665</td>
</tr>
<tr>
<td><strong>Assets not measured at fair value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables and contract assets, net of advances and prepayments</td>
<td>470,091</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>272</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government compensation receivable</td>
<td>75,750</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>646,104</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liabilities not measured at fair value</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>389,652</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>666,122</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>2,803</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1,192,217</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Notes to the condensed consolidated financial statements for the six-months period ended 30 June 2018 (continued)

19 Fair value of financial instruments (continued)

<table>
<thead>
<tr>
<th>As at 31 December 2017 (audited)</th>
<th>Carrying value</th>
<th>Fair Value</th>
<th>Total AED'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AED'000</td>
<td>Level 1</td>
<td>Level 2</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3,887</td>
<td>-</td>
<td>3,887</td>
</tr>
<tr>
<td><strong>Assets not measured at fair value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables and contract assets, net of advances and prepayments</td>
<td>365,259</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from related parties</td>
<td>387</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Government compensation receivable</td>
<td>35,628</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>692,842</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,094,116</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Liabilities not measured at fair value</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>393,992</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>592,951</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>2,940</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>989,883</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

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

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

20 Dividend

At the Annual General Meeting held on 26 April 2018, shareholders’ approved payment of AED 90,000 thousand for the year ended 31 December 2017 (AED 90,000 thousand for the year ended 31 December 2016) as cash dividend which represents 15% of the issued and paid up share capital of the Company.

21 Approval of these condensed consolidated financial statements

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 05 AUG 2018.