

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for the three-month
period ended 31 March 2020**

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AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our quarterly report and consolidated financial statements of Agthia Group PJSC ("Company") and its subsidiaries ("Group") for the period ended 31st March 2020.

We commenced 2020 embracing sustainability in February during Gulfood as we unveiled the region's first plant based water bottle—**Al Ain Plant Bottle**— and initiated an endeavor for PET collection and recycling in partnership with Veolia, a global leader in optimized resource management.

In March, we were set in front of unprecedented circumstances as we face a global pandemic with the COVID-19 outbreak. At Agthia, we have proven our '**commitment to healthier living**' via sticking to our core values. As a critical player in the Nations' food security, we are **collaborating** with the government in ensuring continuous supply and increasing security stocks of essential food, water and beverages products to better serve the community.

We launched an online application embracing all our product range and activated home delivery service, demonstrating our **agile** business model in our proactive response and quick adaptation to the adverse impact of COVID-19 on market dynamics. Our **determination** in overcoming headwinds is additionally endorsed by our flexible supply chain and robust sales force contributing to our top-line growth and preserving market leadership across core categories.

In the Water segment, Agthia's portfolio—Al Ain Water, Al Bayan, and Alpin— sustained leadership in both volume and value share at respective 29.0 and 26.4 percent¹ as we succeeded in systematically growing our market share on a monthly basis since October 2019 despite a shrinking overall category. In the Agri-business, retail flour not only retained its market leading position but also recorded significant growth as we expand domestically into Northern Emirates, adopt new customers and widen our exports network. Amid all this, we continue to prioritize our **responsibility** towards each of: (1) our employees in securing their health and safety, (2) our consumers in providing them with reliable, nutritious and valued products and (3) our government in abiding by their guidance.

On 16 April 2020, the Company held its 15th Annual General Meeting virtually via a video conference. Among other published agenda items, Agthia shareholders approved a cash dividend of 15 percent for an amount of AED 90 million and elected new Board members for the coming 3 years.

In the first quarter of 2020, **Group revenues** grew by 12 percent y-o-y reaching AED 571 million. Net revenue contribution by consumer-businesses—Water, Beverages, Dairy, Tomato Paste & Frozen Vegetables (TP&FV), Bakery, and Trading Items—reached 52 percent whereas agri-businesses—Flour and Animal Feed—generated the remaining 48 percent of the Group's revenue.

¹ AC Nielsen retail Feb 2020 submission



Agri-business revenues recorded AED 273 million and grew by 21 percent y-o-y. Flour segment posted AED 154 million top-line, equating to an upsurge of 52 percent versus last year driven by strong domestic demand, escalation in export sales (including a one-off order from the World Food Program) and higher wheat trading. Animal Feed revenues went down by 4 percent on lower grain sales and reduced demand from small-sized farms but grew in profits vs last year.

Consumer-business revenues reached AED 298 million, implying a 6 percent y-o-y growth. Water & Beverage segment revenues came in at AED 216 million. In the UAE, our 5-gallon home and office distribution (HOD) business grew by 8 percent y-o-y on higher shipped volumes whereas our bottled water sales recorded a marginal descent. Our international markets recorded mixed results; wherein the outperformance of our Kuwaiti operations was offset by the drop in KSA sales, with the latter reflecting our effort to improve the quality of credit sales. Food segment net revenue increased by 21 percent driven by Trading Items and TP&FV in both UAE and Egypt as consumers responded to COVID-19.

Group net profit² prevailed at AED 27 million. Better agri-business profitability, cost optimization and excluding the one-off tax credit recorded in Turkey last year reduce the combined impact of the de-growth in bottled water category in the UAE and bad debt provisioning against longer collection days in international markets.

Group total assets as of 31 March 2020 stood at AED 3.3 billion, up 6.4 percent versus year-end 2019 in tandem with higher cash balance. **Group shareholders' equity** came in at AED 2.0 billion for the period.

On behalf of the Board members, I would like to sincerely thank the former Chairman and Board Members for their efforts and support over the past 6 years. I also want to express my gratitude to our valued consumers for their trust in our products. I would also like to extend my appreciation to our management and employees for their efforts and proactive response to challenging market conditions.



Khalifa Sultan Al Suwaidi
Chairman



6 May 2020

² Attributable to shareholders

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as (the “Group”) as at 31 March 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Obada Alkowitzly
Registration Number 1056
6 May 2020
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2020**

	Notes	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		73,925	75,538
Property, plant and equipment	6	1,096,082	1,101,670
Advances for property, plant and equipment	6	-	2,849
Goodwill	7	275,933	275,933
Intangible assets	8	80,994	82,908
		<hr/>	<hr/>
Total non-current assets		1,526,934	1,538,898
		<hr/>	<hr/>
Current assets			
Inventories	9	317,983	335,900
Trade and other receivables	10	640,709	580,307
Government compensation receivable		62,694	27,782
Due from related parties	14	1,145	1,115
Cash and bank balances	11	770,234	637,234
		<hr/>	<hr/>
Total current assets		1,792,765	1,582,338
		<hr/>	<hr/>
Total assets		3,319,699	3,121,236
		<hr/> <hr/>	<hr/> <hr/>

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

**Condensed consolidated statement of financial position
as at 31 March 2020 (continued)**

	Notes	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000	600,000
Legal reserve		202,212	202,212
Translation reserve		(61,414)	(57,475)
Retained earnings		1,243,085	1,216,448
Equity attributable to the owners of the Company		1,983,883	1,961,185
Non-controlling interests		27,698	28,535
Total equity		2,011,581	1,989,720
Non-current liabilities			
Provision for employees' end of service benefits		79,339	80,458
Bank borrowings	12	230,528	8,115
Lease liabilities		53,205	57,098
Total non-current liabilities		363,072	145,671
Current liabilities			
Bank borrowings	12	416,106	513,437
Lease liabilities		18,999	16,932
Trade and other payables	13	498,479	446,191
Due to a related party	14	11,462	9,285
Total current liabilities		945,046	985,845
Total liabilities		1,308,118	1,131,516
Total equity and liabilities		3,319,699	3,121,236

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

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 6 May 2020 and signed on its behalf:



Khalifa Sultan Al Suwaidi
Chairman



Jamal Salem Al Dhaheri
Acting Chief Executive Officer



Ammar Al Ghoul
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the three-month period ended 31 March 2020**

	Note	Three-month period ended 31 March	
		2020 AED'000	2019 AED'000
Revenue		570,897	507,580
Cost of sales		(400,439)	(348,206)
Gross profit		170,458	159,374
Selling and distribution expenses		(96,975)	(87,983)
General and administrative expenses		(48,137)	(38,191)
Research and development cost		(2,047)	(1,662)
Other income, net		1,106	2,394
Operating profit		24,405	33,932
Finance income		6,589	5,651
Finance expense		(3,997)	(4,867)
Profit for the period before income tax and zakat		26,997	34,716
Income tax and zakat (expenses) / credits		(196)	4,529
Profit for the period		26,801	39,245
Attributable to:			
Owners of the Company		26,637	39,946
Non-controlling interest		164	(701)
		26,801	39,245
Basic and diluted earnings per share (AED)	15	0.044	0.067

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the three-month period ended 31 March 2020**

	Three month-period ended 31 March	
	2020 AED'000	2019 AED'000
Profit for the period	26,801	39,245
Other comprehensive loss:		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Foreign currency translation difference on foreign operations	(4,940)	(1,730)
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Re-measurement of employees' end of service benefits	-	(2,604)
Other comprehensive loss	(4,940)	(4,334)
Total comprehensive income for the period	21,861	34,911
Attributable to:		
Owners of the Company	22,698	35,722
Non-controlling interest	(837)	(811)
	21,861	34,911

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

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2020**

	Share capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserve AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non- controlling interest AED'000	Total AED'000
Balance at 31 December 2018 (audited)	600,000	188,509	(55,815)	(3,943)	1,193,326	1,922,077	29,643	1,951,720
Profit/(loss) for the period	-	-	-	-	39,946	39,946	(701)	39,245
<i>Other comprehensive loss for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(1,620)	-	-	(1,620)	(110)	(1,730)
Re-measurement of employees end of service benefits	-	-	-	(2,604)	-	(2,604)	-	(2,604)
<i>Total comprehensive income / (loss) for the period</i>	-	-	(1,620)	(2,604)	39,946	35,722	(811)	34,911
Dividend for the year 2018 (note 20)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Balance at 31 March 2019 (unaudited)	600,000	188,509	(57,435)	(6,547)	1,143,272	1,867,799	28,832	1,896,631
Balance at 31 December 2019 (audited)	600,000	202,212	(57,475)	-	1,216,448	1,961,185	28,535	1,989,720
Profit for the period	-	-	-	-	26,637	26,637	164	26,801
<i>Other comprehensive loss for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(3,939)	-	-	(3,939)	(1,001)	(4,940)
<i>Total comprehensive income / (loss) for the period</i>	-	-	(3,939)	-	26,637	22,698	(837)	21,861
Balance at 31 March 2020 (unaudited)	600,000	202,212	(61,414)	-	1,243,085	1,983,883	27,698	2,011,581

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

**Condensed consolidated statement of cash flows (unaudited)
for the three-month period ended 31 March 2020**

	Notes	Three-month period ended 31 March	
		2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		26,801	39,245
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	27,704	25,971
Amortisation of intangible assets	8	616	622
Amortisation of right-of-use-assets		6,019	4,169
Finance income		(6,234)	(4,905)
Finance expense	12	4,380	4,867
Provision for employees' end of service benefits		3,120	2,919
Interest on lease liabilities		787	316
Movement in allowance for impairment losses of trade receivables, net	10	7,866	443
(Loss) / gain on sale of property, plant and equipment	6	236	(343)
Income tax and zakat expenses / (credits)		196	(4,529)
Other financial assets, net		-	(746)
Movement in provision for slow moving inventory, net	9	(596)	818
Property, plant and equipment written off	6	-	988
Net cash from operating activities before movement in working capital		70,895	69,835
<i>Changes in:</i>			
Inventories		18,513	(13,200)
Trade and other receivables		(70,399)	(18,590)
Due from related parties		(30)	(1)
Government compensation receivable		(34,912)	(32,338)
Due to a related party		2,177	6,551
Trade and other payables		49,548	23,136
Cash generated from operations		35,792	35,393
Payment of employees' end of service benefits		(4,167)	(2,104)
Net cash generated from operating activities		31,625	33,289
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(24,018)	(39,179)
Investment in fixed deposits, net		(93,750)	(30,000)
Interest received		8,365	4,535
Proceeds from sale of property, plant and equipment		241	1,468
Net cash used in investing activities		(109,162)	(63,176)
Cash flows from financing activities			
Bank borrowings, net		(100,617)	37,537
Repayment of a long-term loan		(274)	(1,669)
Proceeds from a long-term loan		222,687	-
Interest paid	12	(1,836)	(7,856)
Repayment of principal repayment of lease liability		(7,211)	(6,393)
Net cash flows from financing activities		112,749	21,619
Increase / (decrease) in cash and cash equivalents		35,212	(8,268)
Effect of foreign exchange		756	62
Cash and cash equivalents as at 1 January	11	28,833	67,515
Cash and cash equivalents as at 31 March	11	64,801	59,309

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

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2020

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.

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported condensed consolidated financial results for the period ended 31 March 2020. The Group management continues to monitor the situation closely.

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

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

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

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		31 March 2020	31 December 2019	
Grand Mills Company PJSC	UAE	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC	UAE	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC	Egypt	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Agthia Gurup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi	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.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		31 March 2020	31 December 2019	
Delta Agthia For Manufacturing Co. Limited Liability Co.	KSA	100	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL	Kuwait	50	50	Production, bottling and sale of bottled water.
Gulf National Forage Company LLC	UAE	51	51	Import and wholesale of fodder.

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

In the current period, the Group has 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 2020. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
Amendments to <i>References to the Conceptual Framework in IFRS Standards</i>	1 January 2020
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9- <i>Financial Instruments</i>	1 January 2020

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 2020.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (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

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2022
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i>	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the 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 UAE laws and regulations.

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 otherwise stated.

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 2019. In addition, results for the three-months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, and the notes attached thereto.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)****5 Accounting estimates and judgements**

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. However, as explained in Note 1 above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

6 Property, plant and equipment

During the three-month period ended 31 March 2020, the Group invested in property, plant and equipment for a net amount of AED 24,018 thousand (31 March 2019: AED 39,179 thousand) of which acquisition of assets amounted to AED 26,867 thousand and advances released amounted to AED 2,849 thousand (31 March 2019: assets acquired AED 38,942 thousand and advances paid of AED 237 thousand).

Assets with a carrying amount of AED 477 thousand were disposed during the three-month period ended 31 March 2020 (31 March 2019: AED 1,125 thousand), resulting in a loss of AED 236 thousand (31 March 2019: gain of AED 343 thousand) which is included in other income, net. During the period, the Group did not write off any assets (31 March 2019: AED 988 thousand).

Furthermore, the depreciation charge on property, plant and equipment during the three-month period ended 31 March 2020 amounted to AED 27,704 thousand (31 March 2019: AED 25,971 thousand).

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 at least on an annual basis or when an indication that the asset has been impaired. During the three-month period ended 31 March 2020, there were no impairment indicators for the goodwill across all cash generating units.

8 Intangible assets

During the three-month period ended 31 March 2020, the Group did not invest in nor dispose of intangible assets.

The amortisation charge on intangible assets during the three-month period ended 31 March 2020 amounted to AED 616 thousand (31 March 2019: AED 622 thousand).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

9 Inventories

During the three-month period ended 31 March 2020, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 4,136 thousand (31 March 2019: AED 1,242 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 4,732 thousand (31 March 2019: AED 424 thousand).

10 Trade and other receivables

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade receivables	588,320	534,744
Allowance for impairment losses	(63,731)	(55,865)
	<hr/>	<hr/>
	524,589	478,879
Other receivables	57,994	54,802
Prepayments and advances	58,126	46,626
	<hr/>	<hr/>
	640,709	580,307
	<hr/> <hr/>	<hr/> <hr/>

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

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Balance at beginning of the period / year	55,865	27,377
Charge for the period / year	8,443	29,844
Released / written off during the period / year	(577)	(1,356)
	<hr/>	<hr/>
Balance at end of the period/year	63,731	55,865
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

11 Cash and bank balances

	31 March 2020 AED'000 (unaudited)	31 March 2019 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Cash on hand	2,511	3,569	1,903
Current and savings account	112,383	109,517	73,741
	<hr/>	<hr/>	<hr/>
Cash and bank balances	114,894	113,086	75,644
Escrow account (for dividend distribution 2009 to 2014)	(25,032)	(26,788)	(25,036)
Bank overdrafts (note 12)	(25,061)	(26,989)	(21,775)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	64,801	59,309	28,833
	<hr/>	<hr/>	<hr/>
Cash and bank balances	114,894	113,086	75,644
Fixed deposits	655,340	495,061	561,590
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	770,234	608,147	637,234
	<hr/>	<hr/>	<hr/>

Fixed deposits are for a period not more than one year (31 March 2019: not more than one year). Interest earned on these deposits are at prevailing market rates. The carrying amounts on these deposits are approximate to their fair value.

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.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

12 Bank borrowings

Contractual terms of the Group's interest bearing loans and borrowings is as follows:

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Current liabilities:		
Credit facilities	332,926	281,755
Short term loans	42,134	36,489
Bank overdrafts	25,061	21,775
Term loans	15,985	173,418
	416,106	513,437
Non-current liabilities		
Term loans	230,528	8,115

Terms and repayment schedule

Amounts in AED'000

	Currency	Interest Rate	Year of maturity	31 March 2020 (unaudited)		31 December 2019 (audited)	
				Face value /limit	Carrying amount	Face value /limit	Carrying amount
Short term loans / bank overdrafts	USD/ AED/ EGP/ KWD/ TRY / SAR	LIBOR/ EIBOR/KIBOR /SAIBOR/ mid corridor rate + margin *	2020	360,853	67,195	260,325	58,264
Credit facilities**	USD/ AED	LIBOR/ EIBOR + margin *	2020	730,525	332,926	730,525	281,755
Term loan 1***	USD	LIBOR+ margin*	2020	-	-	165,303	165,303
Term loan 2****	USD	LIBOR+ margin*	2025	183,670	183,670	-	-
Term loan 3*****	KWD	KIBOR + margin*	2022	17,137	14,114	17,137	16,230
Term loan 4*****	SAR	SAIBOR + margin *	2025	48,950	48,729	48,950	-
Total				1,341,135	646,634	1,222,240	521,552

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

12 Bank borrowings (continued)

* Margin on the above loans and facilities varies from 0.40 % - 0.95 % (2019: 0.40 % - 0.95 %) for UAE and 0.50 % - 3 % (2019: 0.50 % - 3 %) for overseas credit facilities.

** Credit facilities mainly include facilities with face value AED 350,000 thousand (2019: 350,000 thousand) and credit facility (Capex) of face value AED 15,000 thousand (2019: AED 15,000 thousand) which are secured by a floating charge over the current assets, inventory and receivables of the Group.

*** The Group had a long-term loan of AED 165,303 thousand for a tenure of five years. The loan was secured by floating charges over the current assets, inventory and receivables of the Group. The Group settled this loan in full during 2020.

**** The Group has availed a long-term loan of AED 183,670 (equivalent to USD 50,000 thousand) for a tenure of five years repayable in 2025. The loan payment term is a bullet repayment at maturity.

***** One of the Group's subsidiaries, availed a loan of AED 21,209 thousand (equivalent to KWD 1,750 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.

***** One of the Group's subsidiaries, availed a long term facility of AED 48,950 thousand (equivalent to SAR 50,000 thousand) for a tenure of five years repayable in 2025. The facility is secured by corporate guarantee of 100% from the Group.

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 are as follows:

	31 March 2020 AED'000	31 December 2019 AED'000
<i>Changes from financing cash flows related to borrowing</i>		
Opening balance	521,552	520,061
Proceeds / (settlement) of long term loans, net	222,413	(6,501)
Proceeds / (settlement) from other borrowings excluding overdrafts, net	(100,617)	(1,915)
Interest paid	(1,836)	(21,226)
	<hr/>	<hr/>
Total changes from financing cash flows	119,960	(29,642)
	<hr/>	<hr/>
<i>Other changes / liability related</i>		
Interest expense	4,380	20,496
Changes in overdrafts and accruals	742	10,637
	<hr/>	<hr/>
Total liability related other changes	5,122	31,133
	<hr/>	<hr/>
Closing balance	646,634	521,552
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

13 Trade and other payables

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade payables	139,727	137,384
Accrued expenses	232,843	198,196
Other payables	125,909	110,611
	<hr/>	<hr/>
	498,479	446,191
	<hr/> <hr/>	<hr/> <hr/>

14 Balances and 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 major shareholders, 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.

a) Key management personnel compensation

Key management personnel compensation for the period was as follows:

	Three-month period ended	
	31 March 2020 AED'000 (unaudited)	31 March 2019 AED'000 (unaudited)
Short term employment benefits	5,232	4,381
Long term employment benefits	1,210	918
	<hr/>	<hr/>
	6,442	5,299
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

14 Balances and transactions with related parties (continued)

b) Amounts due from related parties

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
<i>General Holding Corporation PJSC (SENAAT) – parent company</i>		
Opening balance (credit)	748	(404)
Sales	135	1,167
Expenses recharged	(15)	(15)
	<hr/>	<hr/>
Closing balance	868	748
<i>Emirates Iron & Steel Company LLC – affiliated company</i>		
Opening balance	220	84
Sales	117	653
Collections	(200)	(517)
	<hr/>	<hr/>
Closing balance	137	220
<i>Dubai Cable Company (Private) Limited - affiliated company</i>		
Opening balance	147	110
Sales	27	197
Collections	(34)	(160)
	<hr/>	<hr/>
Closing balance	140	147
	<hr/>	<hr/>
Total amount due from related parties	1,145	1,115
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

14 Balances and transactions with related parties (continued)

c) Amounts due to a related party

	31 March 2020 AED'000	31 December 2019 AED'000
<i>Al Foah Company LLC – affiliated company</i>		
Opening balance	9,285	2,204
Purchases	3,655	21,768
Payments	(1,478)	(14,687)
	<hr/>	<hr/>
Closing balance	11,462	9,285
	<hr/> <hr/>	<hr/> <hr/>

15 Basic and diluted earnings per share

	Three-month period ended	
	31 March 2020 (unaudited)	31 March 2019 (unaudited)
Profit for the period attributable to the owners of the Company (AED'000)	26,637	39,946
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue throughout the period ('000)	600,000	600,000
	<hr/>	<hr/>
Basic and diluted earnings per share (AED)	0.044	0.067
	<hr/> <hr/>	<hr/> <hr/>

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

As of 31 March 2020 and 2019, the Group has not issued any instruments that have an impact on basic and diluted earnings per share when exercised.

During the Annual General Assembly held on 24 March 2016, the shareholders' approved resolutions for authorised capital of AED 1 billion. On 9 February 2020, the shareholders approved resolutions to increase the authorised capital to AED 1.2 billion, keeping the issued and paid up capital of AED 600,000 thousand.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)****16 Segmental analysis**

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

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

Agri Business Division ("ABD")

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

Consumer Business Division ("CBD")

- Bottled Water and Beverages include manufacturing and distribution of drinking water, water based drinks and juices. The Group's business operations with a similar nature of Bottled Water are as follows:
 - Business operations in the Republic of Turkey, represented by Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi, is production, bottling and sale of bottled water;
 - Business operations in the United Arab Emirates, represented by, Al Bayan Purification and Potable Water LLC, is manufacturing and distribution of drinking water;
 - Part of United Arab Emirates business operations, represented by Al Ain Food & Beverages PJSC, is manufacturing and distribution of drinking water, flavored water, and juices;
 - Business operations in the State of Kuwait, represented by Al Rammah National for General Trading and Contracting Company WLL, is manufacturing and distribution of drinking water; and
 - Business operations in the Kingdom of Saudi Arabia, represented by Delta Agthia For Manufacturing Co. Limited Liability Co., is manufacturing and distribution of drinking water.
- Food includes manufacturing and distribution of tomato and chili paste, fruit concentrate, frozen vegetables, fresh dairy products and frozen baked products. The Group's business operations with a similar nature of Food are as follows:
 - Business operations in the Arab Republic of Egypt, represented by Agthia Group Egypt LLC, is processing and sale of tomato paste, chili paste, fruit concentrates, and frozen vegetables; and
 - Part of the business operations in the United Arab Emirates, represented by Al Ain Food & Beverages PJSC, is manufacturing and distribution of yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

16 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)				CBD Total		Total	
	<i>Flour and animal feed</i>	<i>Bottled water and beverages</i>	<i>Food</i>							
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenues	281,362	225,985	219,237	216,945	84,963	70,302	304,200	287,247	585,562	513,232
Intra-group	(8,100)	-	(3,167)	(2,783)	(3,398)	(2,869)	(6,565)	(5,652)	(14,665)	(5,652)
External revenues	273,262	225,985	216,070	214,162	81,565	67,433	297,635	281,595	570,897	507,580
Gross profit	62,646	47,264	97,118	102,535	13,619	11,965	110,737	114,500	173,383	161,764
Reportable segment profit	38,723	26,759	1,872	27,636	4,079	3,491	5,951	31,127	44,674	57,886
<i>Material non-cash item</i>										
Impairment losses on trade receivables, net	323	517	8,120	-	-	-	8,120	-	8,443	517

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

16 Segmental analysis (continued)

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

Gross profit for the three-month period ended

	Three-month period ended	
	31 March 2020 (unaudited) AED'000	31 March 2019 (unaudited) AED'000
Total gross profit for reportable segments	173,383	161,764
Unallocated gross loss	(2,925)	(2,390)
Consolidated gross profit for the period	170,458	159,374

Profit for the three-month period ended

	Three-month period ended	
	31 March 2020 (unaudited) AED'000	31 March 2019 (unaudited) AED'000
Total profit for reportable segments	44,674	57,886
<i>Unallocated amounts</i>		
Other operating expenses	(21,805)	(18,934)
Net finance income	3,932	293
	26,801	39,245
Non-controlling interest	(164)	701
Consolidated profit for the period	26,637	39,946

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

16 Segmental analysis (continued)

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

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Segment Assets		
Agri Business Division	614,736	565,356
Consumer Business Division	1,578,351	1,552,100
	<hr/>	<hr/>
Total assets for reportable segments	2,193,087	2,117,456
Other unallocated amounts	1,126,612	1,003,780
	<hr/>	<hr/>
Total assets	3,319,699	3,121,236
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Agri Business Division	193,053	160,672
Consumer Business Division	484,882	416,536
	<hr/>	<hr/>
Total liabilities for reportable segments	677,935	577,208
Other unallocated amounts	630,183	554,308
	<hr/>	<hr/>
Total liabilities	1,308,118	1,131,516
	<hr/> <hr/>	<hr/> <hr/>

17 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2020 and 2019.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)**

18 Contingent liabilities and commitments

	31 March 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Bank guarantees	17,594	20,090
Letters of credit	44,049	71,736
Capital commitments	65,859	42,044

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.

19 Fair value of financial instruments

The Group does not have any financial instruments being measured at fair value at each period / year presented of its condensed consolidated statement of financial position.

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

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

The fair value hierarchy levels have been defined as follows:

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

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.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2020 (continued)****20 Dividend**

At the Annual General Meeting held on 16 April 2020, shareholders' approved payment of AED 90,000 thousand for the year ended 31 December 2019 (at the Annual General Meeting held on 28 March 2019 approved payment of AED 90,000 thousand for the year ended 31 December 2018) as cash dividend which represents 15% (2019: 15%) of the issued and paid up share capital of the Company.