Directors' Report

The Board of Directors of Agthia Group PJSC (the "Company") is pleased to present the Company's financial results for the first six months ended June 30, 2012.

The Company has maintained volume, sales and profit growth momentum across all key categories during the first half of 2012. Our focus during the year will be to continue the growth momentum and to consolidate the newly introduced products, driving the core businesses, expanding geographically while addressing the challenge of higher input cost by pursuing cost saving initiatives.

Our priorities for the recently launched Yoplait fresh dairy products and Chiquita natural juices are driving distribution & penetration across all retail segments while building strong in store presence and visibility. Various marketing activities have been initiated to address the softer than expected consumer off take. Yoplait & Chiquita volumes are growing steadily; and further market mix improvements are being implemented to accelerate volume growth.

In Turkey, plans are underway to rebrand the recently acquired spring water company, expand regional distribution in Turkey and launch 'natural spring' drinking water in the UAE and wider GCC.

The new initiative of the frozen baked product launch is planned for second half of 2013 and the poultry feed production capacity expansion is on track for completion in Q4, 2012.

Sales

Net sales for the first six months have increased by 15% year on year, reaching AED 642 million. This growth in sales was driven by consistent strong performance by Consumer Business Division delivering 19% sales growth year on year; and a strong 13% growth achieved by Agri Business Division.

Net Profit

Net profit for the first six months at AED 56 million grew at 38% year on year, ahead of the sales growth of 15%. This strong profit growth was driven by three percentage point improvement in gross profit margin resulting from competitive procurement of grains, cost saving initiatives, production capacity increases of flour and feed mills displacing outsourcing and price increases.

Other Income

During the first six months of the year, the Company recognized an income of AED 5.6 million, which includes management fee of AED 3.1 million for managing stock of wheat for the Abu Dhabi Government and AED 2.6 million received from GHC (Parent Company) for derivative contracts. This represents gain on back to back soft commodity contract signed by GHC with counter party.

Selling & General Administration Expenses (SG&A)

SG&A at AED 103.8 million represents an increase of 26.5% over the same period last year. The increase relates to investment in marketing activities, new businesses, higher distribution cost, employee related cost and other inflationary increases. SG&A as percentage to sales at 16.2% increased by 1.5 percentage points compared with 2011. Excluding the impact of new businesses, SG&A grew by 19.6%

Cash Flow

Cash generated from operating activities at AED 113.2 million reflects significant improvement over last year due to higher profit and improved working capital performance.

Cash used by investing activities of AED 61.3 million mainly includes investment in the Turkish water Company and dairy plant & machinery.

Cash & cash equivalents as at June 30, 2012 amounted to AED 411.1 million compared with fiscal 2011 of AED 264.6 million.

To ensure availability of funds, the Company maintains sufficient bank credit lines to cover short-term working capital requirements at very competitive pricing.

During the period under review, the Company secured a five years term loan of USD 50 million to finance its expansion projects.

Unallocated Corporate Items

Under segment reporting, unallocated amount of AED 571 million represents goodwill and cash & bank balance as Company's fund management is centralized at corporate level.

Capital Commitment and Contingencies

Capital commitment of AED 131.3 million relates to frozen baked project, mega distribution center, capacity expansion of animal feed Mill, delivery trucks and other capital items.

Bank Guarantees and letter of credits of AED 27.8 million have primarily been issued in favor of the Company's vendors for the supply of materials and spare parts.

Agri Business Division (ABD)

ABD net sales at AED 426 million recorded a growth of 13% year on year driven by 14% volume increase.

A net profit of AED 69 million reflects solid growth of 55% due primarily to 490 basis points improvement in gross profit margin. The margin improvement resulted from cost savings initiatives, in house production of previously outsourced volume of flour & feed and competitive procurement of grains.

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Consumer Business Division (CBD)

CBD delivered strong consistent sales growth of 19% year on year, reaching AED 216 million. Net profit declined slightly by 4% reaching AED 14.1 million. Profit performance was impacted by the losses of fresh dairy and Egyptian businesses, excluding these net profits grew by 64%.

Water & Beverages segment net sales at AED 184 million grew by 18% year on year while net profit grew much faster than the sales growth at 56%. Profit growth was driven mainly by 200 basis points gross profit margin improvement due to the effects of price increase, cost saving measures and the related drop in PET prices.

Food segment net sales grew by 20% year on year to AED 32.5 million. Net loss of AED 13.8 million is attributed to the fresh dairy product and Egypt operation.

Fiscal 2012 Outlook

The commodity market volatility and regional unrest are certainly challenging, yet we are progressing on our long term strategy. We remain optimistic and expect another year of good business performance in 2012.

On behalf of the Board

HE Rashed Mubarak Al Hajeri

Chairman

July 25, 2012

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