

# **Agthia Group PJSC**

Condensed consolidated interim financial statements

Period ended 31 March 2009

**Principal business address:**

P O Box 37725  
Abu Dhabi  
UAE

# Agthia Group PJSC

Condensed consolidated interim financial statements

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

The Shareholders  
Agthia Group PJSC

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Agthia Group PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as of 31 March 2009 and the related condensed consolidated interim statements of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flows for the three months period then ended (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting 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 International Standard on Review Engagements (ISRE) 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 consolidated financial information as at and for the three-month period ended 31 March 2009 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

KPMG  
Munther Dajani  
Registration No: 26

## Agthia Group PJSC

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

for the three months ended 31 March 2009

	2009 AED'000	2008 AED'000
Revenue	222,349	185,921
Cost of sales	(143,012)	(144,044)
Gross profit	79,337	41,877
Other income	1,106	3,064
Selling and distribution expenses	(15,251)	(11,383)
General and administrative expenses	(17,581)	(15,594)
Other expenses	(142)	-
<b>Results from operating activities</b>	<b>47,469</b>	<b>17,964</b>
Finance income	97	479
Finance expense	(1,112)	-
<b>Profit for the period</b>	<b>46,454</b>	<b>18,443</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>46,454</b>	<b>18,443</b>
<b>Profit and comprehensive income attributable to:</b>		
Shareholders of the Company	46,454	18,443
Minority interest	-	-
	<b>46,454</b>	<b>18,443</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>0.077</b>	<b>0.031</b>

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

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

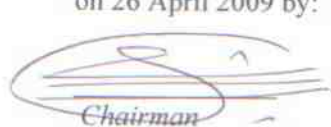
# Agthia Group PJSC

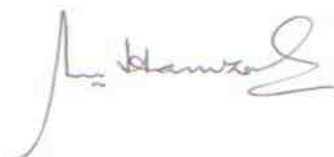
## Condensed consolidated interim statement of financial position

as at 31 March 2009

	31 March 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
<b>Non-current assets</b>		
Goodwill	92,986	92,986
Property, plant and equipment	420,310	408,400
<b>Total non-current assets</b>	<b>513,296</b>	<b>501,386</b>
<b>Current assets</b>		
Inventory	117,047	163,606
Trade and other receivables	125,041	137,281
Government grant receivable	287,125	217,895
Cash and bank balances	19,961	40,142
<b>Total current assets</b>	<b>549,174</b>	<b>558,924</b>
<b>Current liabilities</b>		
Bank overdraft	4,921	13,087
Bank loans	89,056	108,402
Trade and other payables	124,940	141,722
<b>Total current liabilities</b>	<b>218,917</b>	<b>263,211</b>
<b>Net current assets</b>	<b>330,257</b>	<b>295,713</b>
<b>Non Current Liabilities</b>		
Long term liabilities	1,769	1,769
<b>Net assets</b>	<b>841,784</b>	<b>795,330</b>
<b>Equity</b>		
Capital	600,000	600,000
Legal reserve	19,558	19,558
Retained earnings	222,473	176,019
Translation reserve	(247)	(247)
<b>Total equity</b>	<b>841,784</b>	<b>795,330</b>

The condensed consolidated interim financial statements were approved and authorised by the Board on 26 April 2009 by:

  
Chairman



  
Chief Executive Officer

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

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

## Agthia Group PJSC

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

for the three months ended 31 March 2009

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Translation reserve AED'000	Total AED'000
Balance at 1 January 2008	600,000	12,338	111,038	-	723,376
Profit for the period	-	-	18,443	-	18,443
<b>Balance 31 March 2008</b>	<b>600,000</b>	<b>12,338</b>	<b>129,481</b>	<b>-</b>	<b>741,819</b>
Balance at 1 January 2009	600,000	19,558	176,019	(247)	795,330
Profit for the period	-	-	46,454	-	46,454
<b>Balance 31 March 2009</b>	<b>600,000</b>	<b>19,558</b>	<b>222,473</b>	<b>(247)</b>	<b>841,784</b>

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

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

## Agthia Group PJSC

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

for the three months ended 31 March 2009

	31 March 2009 AED'000	31 March 2008 AED'000
<b>Operating activities</b>		
Profit for the period	46,454	18,443
<i>Adjustments for:</i>		
Depreciation	7,174	5,636
Finance income	(97)	(479)
Finance expense	1,112	-
Provisions on inventories and receivables	8,228	(354)
	<u>62,871</u>	<u>23,246</u>
Change in inventories	39,735	(64,575)
Change in trade and other receivables	10,836	(12,240)
Change in due from related parties	-	(331)
Change in government grant receivable	(69,230)	(19,802)
Change in due to related parties	-	20,064
Change in payables and accruals	(16,782)	2,689
	<u>27,430</u>	<u>(50,949)</u>
<i>Net cash used in operating activities</i>		
<i>Investing activities</i>		
Purchase of property, plant and equipment	(19,084)	(11,555)
Proceeds from disposal of property, plant and equipment	-	248
Purchase of goodwill	-	(10,805)
Finance income	97	479
Finance expense	(1,112)	-
	<u>(20,099)</u>	<u>(21,633)</u>
<i>Net cash from / (used in) investing activities</i>		
<i>Financing activities</i>		
Repayment of bank loan	(19,346)	(2,774)
	<u>(19,346)</u>	<u>(2,774)</u>
<i>Net cash from / (used in) Financing activities</i>		
<b>Decrease in cash and cash equivalents</b>	<b>(12,015)</b>	<b>(75,356)</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>27,055</b>	<b>92,236</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>15,040</b>	<b>16,880</b>

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

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

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information

#### 1 Legal status and principal activities

Emirates Foodstuff and Mineral Water Company PJSC "Agthia" ("the Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2005. General Holding Corporation PJSC owns 51% of the Company's shares. The principal activities of the Company are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector in the United Arab Emirates (UAE).

The Board of Directors of the Company, in an Extraordinary General Meeting dated 1 May 2008, approved to change the Company's trade name to "Agthia Group PJSC" instead of "Emirates Foodstuff and Mineral Water Company PJSC".

The consolidated financial statements of the Company as at and for the three months ended 31 March 2009 comprise the Company and its below mentioned subsidiaries (together referred to as the "Group").

Subsidiary	Country of Incorporation and operation	Share of equity (%)		Principal activity
		2009	2008	
Grand Mills for Flour and Feed Company PJSC	UAE	100	100	Production and sale of flour and animal feed
Al Ain Mineral Water Company PJSC	UAE	100	100	Production, bottling and sale of bottled water
Al Ain Vegetable Processing and Canning Factory	UAE	100	100	Processing and sale of tomato paste and frozen vegetables
Al Ain Food and Beverages	Egypt	100	100	Processing and sale of tomato paste

The results and operations of Al Ain Vegetable Processing and Canning Factory and Al Ain Food and Beverage were not included in the condensed interim income statement of the Group for the three months ended 31 March 2008.

#### 2 Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with International Financial Reporting Standard (IFRSs) *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.



# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information

### 3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2008.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the "functional currency", rounded to the nearest thousand.

#### *Government grants*

Grants that compensate the Group for expenses/ losses incurred are recognised in the condensed consolidated interim income statement, as a deduction from the cost of goods sold, on a systematic basis in the same period in which the expenses / losses are recognised.

Cost of goods sold for all products as stated after the deduction of Abu Dhabi Government grant amounting to AED 69.2 million (*64.7 million for the three months ended 31 March 2008*), provided by the Government for holding the selling prices of its products to Abu Dhabi customers at July 2007 level.

### 4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2008.

### 5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information

#### 6 Acquisition of Cold Stores

During 2008, the Group acquired the assets and liabilities of Cold Stores, whose principal activities are the provision of cold storage facilities. The assets, liabilities and results of the period for the business have not been included in the condensed consolidated financial statements of the Group, as management are still in the process of assessing the fair values of the assets and liabilities that were acquired as the acquisition was from the Government of Abu Dhabi for no consideration; it is believed that the impact on consolidation would not be significant to the financial position of the Group.

Accordingly the results and operations of this business compared to the results of the Group for the three month period ending 31 March 2009 are set out below:

AED'000	Financial position and performance	Revenue	General & administrative and Selling & Distribution expenses	Net profit
Cold stores	1,390	490	188	262
Agthia Group	841,784	222,349	32,832	46,454

## Agthia Group PJSC

Notes to the condensed consolidated interim financial information

### 7 Segment Reporting

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. The Group comprises three main business segments – Bottled Water, Flour and Animal Feed and Tomato paste and frozen vegetables. The Group reports its primary segment information as follows:

	Flour and Animal Feed		Bottled Water		Tomato Paste and frozen vegetables		Unallocated Amount		Total	
	31 Mar 09 AED'000	31 Mar 08 AED'000	31 Mar 09 AED'000	31 Mar 08 AED'000	31 Mar 09 AED'000	31 Mar 08 AED'000	31 Mar 09 AED'000	31 Mar 08 AED'000	31 Mar 09 AED'000	31 Mar 08 AED'000
Revenue	175,503	157,880	36,457	28,041	10,389	-	222,349	185,921		
Cost of sales	(114,549)	(126,999)	(21,250)	(17,045)	(6,571)	-	(143,012)	(144,044)		
<b>Gross profit</b>	<b>60,954</b>	<b>30,881</b>	<b>15,207</b>	<b>10,996</b>	<b>3,818</b>	<b>-</b>	<b>79,337</b>	<b>41,877</b>		
Other income									1,106	3,064
Selling and distribution expenses									(15,251)	(11,383)
General and administrative expenses									(17,581)	(15,594)
Other expenses									(142)	-
<b>Results from operating activities</b>									<b>47,469</b>	<b>17,964</b>
Finance income									97	479
Finance expense									(1,112)	-
<b>Profit for the period</b>									<b>46,454</b>	<b>18,443</b>

## Agthia Group PJSC

### Notes to the Condensed consolidated interim financial information

#### 8 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, Directors of the Board and their related companies. In the normal course of business, the Group had various transactions with its related parties. Transactions are entered into with related parties on terms and conditions approved by either the Group's management, or its Board of Directors.

Key management personnel compensation for the period was as follows:

	<b>Three months ended 31 March 2009 AED'000</b>	Three months ended 31 March 2008 AED'000
Short term employment benefits	<b>3,123</b>	3,937
Post employment benefits	<b>762</b>	486
	<b><u>3,885</u></b>	<u>4,423</u>

#### 9 Capital commitments and contingent liabilities

	<b>31 March 2009 AED'000</b>	31 December 2008 AED'000
Capital commitment	<b>11,163</b>	32,261
Bank guarantees and letters of credit	<b><u>63,152</u></b>	<u>41,193</u>