

**Agthia Group PJSC**

Condensed consolidated interim financial statements

**Period ended 30 September 2008**

## **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 balance sheet of Agthia Group PJSC ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2008 and the related condensed consolidated interim statements of income, changes in equity and cash flows for the nine 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 financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Without qualifying our opinion, we draw your attention to Note 6 to the condensed consolidated interim financial statements. During 2008 the Group had acquired the assets and liabilities of Al Ain Vegetable Canning and Processing Factory. Management are currently in the process of evaluating the assets and liabilities of the subsidiary and, accordingly, the goodwill on acquisition cannot presently be determined. As a result, the subsidiary has not been included in these condensed consolidated financial statements but instead has been disclosed separately as part of Note 6.

KPMG  
Munther Dajani  
Registration No: 268

## Agthia Group PJSC

### Condensed consolidated interim income statement

for the nine months ended 30 September

	<b>Nine months ended 30 Sept 2008 AED'000</b>	<b>Nine months ended 30 Sept 2007 AED'000</b>	<b>Three months ended 30 Sept 2008 AED'000</b>	<b>Three months ended 30 Sept 2007 AED'000</b>
Revenue	599,248	411,347	214,725	143,920
Cost of sales	(474,405)	(333,148)	(169,405)	(114,659)
<b>Gross profit</b>	<b>124,843</b>	<b>78,199</b>	<b>45,320</b>	<b>29,261</b>
Other income	5,505	2,738	2,293	1,201
Selling and distribution expenses	(38,592)	(22,918)	(15,830)	(10,088)
General and administrative expenses	(34,452)	(32,477)	(11,919)	(12,398)
<b>Results from operation activities</b>	<b>57,304</b>	<b>25,542</b>	<b>19,864</b>	<b>7,976</b>
Net finance (expense)/income	(3,097)	2,998	(3,593)	1,019
<b>Profit for the period</b>	<b>54,207</b>	<b>28,540</b>	<b>16,271</b>	<b>8,995</b>
<b>Basic and diluted earning per share annualised (AED)</b>	<b>0.12</b>	<b>0.06</b>		

The notes on pages 6 to 9 form part of these condensed consolidated interim financial statements.

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

## Agthia Group PJSC

### Condensed consolidated interim balance sheet

as at 30 September 2008

	30 September 2008 AED'000	31 December 2007 AED'000
<b>Non-current assets</b>		
Goodwill	92,986	82,181
Property, plant and equipment	345,088	333,917
Deferred acquisition expenses	2,964	2,964
<b>Total non-current assets</b>	<b>441,038</b>	<b>419,062</b>
<b>Current assets</b>		
Inventory	237,588	183,576
Trade and other receivables	394,465	171,875
Due from related parties	4,189	12
Cash and cash equivalents	10,735	92,236
<b>Total current assets</b>	<b>646,977</b>	<b>447,699</b>
<b>Current liabilities</b>		
Bank loan	184,877	36,474
Due to related parties	30,152	32,818
Trade and other payables	95,403	74,093
<b>Total current liabilities</b>	<b>310,432</b>	<b>143,385</b>
<b>Net current assets</b>	<b>336,545</b>	<b>304,314</b>
<b>Net assets</b>	<b>777,583</b>	<b>723,376</b>
<b>Equity</b>		
Capital	600,000	600,000
Legal reserve	12,338	12,338
Retained earnings	165,245	111,038
<b>Total equity</b>	<b>777,583</b>	<b>723,376</b>

The condensed consolidated interim financial statements have been approved by the Board on

\_\_\_\_\_ by:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Chief Executive Officer

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## Agthia Group PJSC

### Condensed consolidated interim statement of changes in equity

for the nine months ended 30 September 2008

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2007	600,000	8,523	76,705	685,228
Profit for the period	-	-	28,540	28,540
<b>Balance 30 September 2007</b>	<b>600,000</b>	<b>8,523</b>	<b>105,245</b>	<b>713,768</b>
Balance at 1 January 2008	600,000	12,338	111,038	723,376
Profit for the period	-	-	54,207	54,207
<b>Balance at 30 September 2008</b>	<b>600,000</b>	<b>12,338</b>	<b>165,245</b>	<b>777,583</b>

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## Agthia Group PJSC

### Condensed consolidated interim statement of cash flows

for the nine months ended 30 September 2008

	2008 AED'000	2007 AED'000
<b>Operating activities</b>		
Profit for the period	54,207	28,540
<i>Adjustments for:</i>		
Depreciation	17,991	16,804
Finance expense/ (income)	3,097	(2,998)
Provisions on inventory and receivables	-	1,800
(Gain)/loss on disposal of property, plant and equipment	(90)	407
	<u>75,205</u>	<u>44,553</u>
Change in inventory	(54,012)	33,955
Change in trade and other receivables	(222,590)	(30,123)
Change in due from related parties	(4,177)	(10,659)
Change in due to related parties	(2,666)	17
Change in trade and other payables	21,310	(18,294)
	<u>(186,930)</u>	<u>19,449</u>
<i>Net cash (used in) / from operating activities</i>		
<b>Investing activities</b>		
Purchase of property, plant and equipment	(29,162)	(5,287)
Proceeds from disposal of property, plant and equipment	90	3,005
Purchase of goodwill	(10,805)	-
Finance (expense) / income	(3,097)	2,998
	<u>(42,974)</u>	<u>716</u>
<i>Net cash (used in) / from investing activities</i>		
<b>Financing activities</b>		
Proceeds from bank loan	148,403	-
	<u>148,403</u>	<u>-</u>
<i>Net cash from financing activities</i>		
<b>(Decrease) / Increase in cash and cash equivalents</b>	<b>(81,501)</b>	<b>20,165</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>92,236</b>	<b>124,174</b>
<b>Cash and cash equivalents as at 30 September</b>	<b><u>10,735</u></b>	<b><u>144,339</u></b>

The notes on pages 6 to 9 form part of these condensed consolidated interim financial statements.

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 statements

### 1 Legal status and principal activities

Agthia Group PJSC ("the Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 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 Extra Ordinary 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 nine months ended 30 September 2008 comprise the Company and its below mentioned subsidiaries (together referred to as the "Group").

Subsidiary	Country of incorporation	Share of equity (%)	Activity
Grand Mills for Flour and Animal Feed Company PJSC	UAE	100	Production and sale of flour and animal feed.
Al Ain Mineral Water Company PJSC	UAE	100	Production, bottling and sale of bottled water.

The registered address of the Group is P.O. Box 37725, Abu Dhabi, UAE.

### 2 Statement of compliance

These condensed consolidated interim financial statements 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 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 2007.

### 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 2007.

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 period in which the grants are received.



## Agthia Group PJSC

### Notes to the condensed consolidated interim financial statement

#### 3 Significant accounting policies (continued)

##### *Government grants (continued)*

Cost of goods sold are stated after the deduction of the Abu Dhabi Government grant amounting to AED 258,278 thousand (*AED 8,200 thousand for the nine months ended 30 September 2007*), which was provided by the Government for holding the selling prices of its products to Abu Dhabi Emirates customers at July 2007 levels. Of this amount, AED 150,700 thousand relating to the six months period ended 30 June 2008, has already been received from Abu Dhabi Government in October 2008, with the remaining balance to be approved in due course.

There are no unfulfilled conditions or any other contingencies attached to the government grant received.

#### 4 Estimates

The preparation of condensed consolidated interim financial statements 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 statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those applied to the financial statements as at and for the year ended 31 December 2007.

#### 5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2007.

#### 6 Acquisition of Al Ain Vegetable Canning and Processing Factory

During 2008, the Group acquired the assets and liabilities of Al Ain Vegetable Canning and Processing Factory, whose principal activities include the production and distribution of frozen vegetables, canned beans, tomato paste and juices. The assets, liabilities and results of the period for the subsidiary have not been included in the condensed consolidated interim 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 on acquisition; and believe that the impact on consolidation would not be significant to the financial position of the Group.

Accordingly the results and operations of this subsidiary compared to the results of the Group for the trading period to 30 September 2008 are set out below:

Reported Period (AED'000)	Financial position and performance	Revenue	Expenses	Other income (net)	Net profit
Al Ain Vegetables Canning and Processing Factory	31,920	32,602	36,099	7,007	3,510
Agthia Group	777,583	599,248	547,449	2,408	54,207

## Thia Group PJSC

to the condensed consolidated interim financial statement

### 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 two main business segments – Mineral Water and Flour and Animal Feed. The Group reports its primary segment information as follows:

	Mineral Water		Flour and Animal Feed		Head office		Total	
	Nine months ended 30 Sept 2008	2007 AED'000	Nine months ended 30 Sept 2008	2007 AED'000	Nine months ended 30 Sept 2008	2007 AED'000	Nine months ended 30 Sept 2008	2007 AED'000
Revenue	101,061	71,796	498,187	339,551	-	-	599,248	411,347
Cost of sales	(58,349)	(41,586)	(415,113)	(291,562)	(943)	-	(474,405)	(333,148)
<b>Gross profit</b>	<b>42,712</b>	<b>30,210</b>	<b>83,074</b>	<b>47,989</b>	<b>(943)</b>	<b>-</b>	<b>124,843</b>	<b>78,199</b>
Other income							5,505	2,738
Selling and distribution expenses							(38,592)	(22,918)
General and administrative expenses							(34,452)	(32,477)
<b>Results from operating activities</b>							<b>57,304</b>	<b>25,542</b>
Finance (expense) / income							(3,097)	2,998
<b>Profit for the period</b>							<b>54,207</b>	<b>28,540</b>

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial statement

#### 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>Nine months ended 30 Sept 2008 AED'000</b>	<b>Nine months ended 30 Sept 2007 AED'000</b>
Short term employment benefits	13,211	10,067
Directors Remuneration	706	1,800
Post employment benefits	610	465
	<u>14,527</u>	<u>12,332</u>

#### 9 Capital commitments and contingent liabilities

	<b>30 Sept 2008 AED'000</b>	<b>31 Dec 2007 AED'000</b>
Capital commitment	15,794	8,982
Bank guarantees and letters of credit	14,205	12,628