

**AGTHIA GROUP PJSC**

**Reports and condensed consolidated  
financial statements for the nine-month  
period ended 30 September 2020**

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## AGTHIA GROUP PJSC DIRECTORS' REPORT

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Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our nine-month report and consolidated financial statements of Agthia Group PJSC ("Company") and its subsidiaries ("Group") for the period ended 30 September 2020.

2020 continues to be a transformational year for Agthia in an unprecedented business environment. Since the onset of the Covid-19 pandemic, the business has responded with agility and resilience to protect the topline net revenue of the business, to ensure product availability and to strategically reset the fundamentals of the business with a focus on future growth.

Whilst our new Board, CEO and leadership team are continuing that strategic review, very bold steps have already been taken by the team to re-set the base for future success and this has continued at pace in the third quarter. Since the establishment of the new board and the earlier advised appointments of a new CEO, CFO and head of our International Business, there remains an ongoing focus on step-changing the capability and profile of the leadership team to support the agenda. Three new appointments have been made in Q3:

Executive Vice President- Growth and Categories: In line with the commitment to drive focus behind marketing and the growth of our core categories, both in the UAE and International markets, Ahmad Yahya has been appointed to this new role. Ahmad has over 28 years of FMCG experience, pre-dominantly in Marketing and most recently has led Kellogg's GCC business growth as the region's General Manager and MENAT's Chief Growth Officer.

Senior Vice President- Consumer Business Division: Khalid Mansour has been appointed as the new head of our UAE consumer business. Khalid has over 27 years of experience in FMCG businesses, extensive experience in driving Route to Market and sales and distribution excellence most recently as Group VP Sales & Distribution (AMEA) of NADEC Foods in KSA.



Senior Vice President- Mergers & Acquisitions: This role has been created on a stand-alone basis to ensure there is the correct focus on driving an inorganic growth agenda. Mujtaba Hussein has been appointed to this role. With over 10 years of private equity and investment management experience, Mujtaba joins us from the Evercare Health Fund, impact investing platform of global alternative asset manager TPG. Over the years he has led several successful transactions across the consumer and healthcare sectors in emerging markets.

The new leadership team is vigorously exploring opportunities to expand into new categories and markets. We are in the process of evaluating the non-binding offer received in regards to the acquisition of *Al Foah Company LLC*, world's largest date processing & packaging company, which if approved aims to diversify the breadth of our product offerings, enhance our competitive access to new markets and allow for cost and revenue synergies from integration of the combined platform enabling the expansion of footprint in value-added retail products and cross-market distribution.

Concurrently, a deep dive assessment of our books and businesses has been ongoing in Q3 2020 resulting in a significant one-time negative impact for our bottom-line, which has been made with the aim of improving the quality of earnings, strengthening our balance sheet and ultimately positioning the Group for long-term sustainable growth. This has focused on 4 key areas:

- (a) We have signed a mutual agreement with Capri-Sun to end the licensing relationship by December 2020. The business will transfer back to the brand owner from January 2021. This has resulted in a one-time AED 9.5 million full impairment of assets and inventories.
- (b) Changes in our Community Support Division: As part of our continued partnership with municipality and this strategically important channel, we are pleased to announce that we are now taking over and automating the payment/collection process of consumer sales ourselves. This decision will bring us closer to consumers, give us real-time data, but results in a one-time accounting adjustment amounting to AED 7.7 million.



- (c) Bad Debt Provisioning: Given the ongoing liquidity issues in the market, we have conducted an in-depth review of certain outstanding receivables and re-assessed the risk of recovery. This has dictated an additional short-term impact of AED 38 million in Q3 meaning an aggregate of AED 58 million of bad debt provisioning for YTD. This has been driven by the most distressed channels in the UAE (primarily Food Service) and international markets.
- (d) Portfolio Rationalisation: Covid-19 has forced many companies to re-look at their portfolio complexity and take proactive decisions to simplify and bring long term benefits by removing non-productive SKUs and eliminate slow moving finished goods and raw and pack inventories. Whilst the full portfolio review will be finalised in Q4, we have conducted a comprehensive review of our slow moving and obsolete inventories and have made net provisions of AED 7.2 million for the period to account for the known risk.

Out of the above, an aggregate of AED 59 million has been recorded in Q3 resulting in a net loss of AED 32 million for the quarter. All in, management has deliberately executed a framework with a longer-term vision of working capital overhaul, boosted quality of earnings and strengthened balance sheet to not only mitigate expected headwinds but also get ready for our next phase of growth.

### **Quarter Three of 2020 Financial Highlights:**

The Group net revenues of AED 492.1 million for the third quarter registered a 1.2 percent y-o-y growth largely driven by continuous increase in sales across each of 1) the 5-gallon Home & Office Distribution (HOD) business on higher volumes from homes, 2) Food categories given sustained at-home consumption & surging e-commerce orders and 3) Agri-business on improved demand for retail flour and grain sales. This has more than offset lower volumes from both the bottled water category in UAE & KSA and the beverages segment reflecting the impact of slower-than-expected recovery in the food service channel on the former and excise tax on the later.

On top of the above-mentioned strategic steps undertaken in the current quarter, we managed to top-up our leading volume and value market shares in the retail channel in the UAE bottled water category. During the same period, as part of our continuous efforts to place KSA operations back on track, we have secured promising distribution contracts with key clients besides hiring Head of Finance and Head of Sales to run the business in line with our expansion strategy in the Kingdom.



In terms of bottom-line, excluding the aggregate of AED 59 million one-offs of the 4 focus-areas during the quarter, net profit should have prevailed at AED 27 million for Q3. On the category level, we succeeded in increasing profitability of the Food, Agri and HOD segments on growing volumes and cost efficiencies. Going forward, in line with our growth strategy, we remain focused on improving our sustainable profitability while rationalizing our business model towards premium, value-add products mix.

### **Nine Month of 2020 Financial Highlights:**

The Group net revenues reached AED 1.58 billion during the nine-month period, equivalent to 2.2 percent y-o-y growth. Net revenue contribution by consumer-businesses reached 55 percent whereas agri-businesses generated the remaining 45 percent of the Group's revenue.

*Agri-business* revenues stood at AED 718 million, recording a 7 percent y-o-y growth. Flour segment revenues of AED 362 million went up by 21 percent versus last year on higher domestic volume, export sales and wheat trading. Animal Feed revenues lagged 4 percent behind last year on lessened local demand amid new controls to restrict commercial farms from trading subsidized animal feed in the open market.

*Consumer-business* revenues came in at AED 864 million, roughly flat y-o-y. Water & Beverage segment revenues came in at AED 606 million. In the UAE, our 5-gallon home and office distribution (HOD) business grew by 9 percent y-o-y on higher demand particularly from homes which overcompensated headwinds in the corporates channel with the later still operating at materially less than full capacity. Our bottled water sales, on the other hand, recorded a descent in volume on lower consumption from restrained tourism and COVID-19 impact on the food service channel (down 36 percent y-o-y, equivalent to AED 38 million lost sales); of which recovery rate has been slower than expected in Q3 2020 amidst competitive pricing environment. Nevertheless, Agthia's water portfolio—Al Ain Water, Al Bayan, and Alpin— preserved a leading market position in the retail channel with respective volume and value shares at 29.3 and 26.2 percent<sup>1</sup>. On a year-to-date basis, our water portfolio managed to grow its volume market share by 58 basis points which is a testament to our prominent number one ranking even in a descending overall category. Kuwaiti operations continued to perform well as we grew our distribution network, whereas KSA sales were largely hit by the restrictions on religious tourism and movement in the Western region

<sup>1</sup> AC Nielsen retail August 2020 submission – MAT 2020



specifically in H1 2020 while reflecting on our adopted strategy of improving quality of credit sales. Food segment net revenue recorded a remarkable growth of 38 percent driven by boosted demand for Trading Items and TP&FV in both UAE and Egypt in response to COVID-19 whilst supporting increased demand for essential foods.

Group net profit<sup>2</sup> prevailed at AED 10 million for 9M 2020. Operationally, better agri-business profitability slightly countered the consumer-business unfavorable sales mix and the group-level extra manufacturing and logistics costs borne to guarantee business continuity specifically in the first half of the period. Strategically, the management decided to adopt a prudent policy to encourage cost savings initiatives across our value chain and take the lead in recording all foreseeable impairments deemed necessary to improve the long-term quality of earnings.

Our resilience is further underpinned by our robust balance sheet and liquidity position. Group total assets as of 30 September 2020 stood at AED 3.2 billion, up 2.7 percent versus year-end 2019 in tandem with the higher cash balance. Group shareholders' equity stood at AED 1.9 billion for the period.

On behalf of the Board members, I would like to thank the management on their efforts in safeguarding the overall operations and protecting the health and safety of our employees and consumers amid uncertain times whilst working towards enhancing the quality of earnings and opening the way to grow the business in the best interest of our shareholders.

**Khalifa Sultan Al Suwaidi**  
Chairman  
28 October 2020

A handwritten signature in blue ink, appearing to be "Khalifa Sultan Al Suwaidi", written over a horizontal line.

<sup>2</sup> 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 30 September 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-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 Alkowitz  
Registration Number 1056  
28 October 2020  
Abu Dhabi  
United Arab Emirates

**Condensed consolidated statement of financial position  
as at 30 September 2020**

	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets		71,918	75,538
Property, plant and equipment	6	1,058,061	1,101,670
Advances for property, plant and equipment	6	287	2,849
Goodwill	7	275,933	275,933
Intangible assets	8	79,790	82,908
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>1,485,989</b>	<b>1,538,898</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	9	358,228	335,900
Trade and other receivables	10	568,663	580,307
Government compensation receivable		26,160	27,782
Due from related parties	14	10,062	1,115
Cash and bank balances	11	755,818	637,234
		<hr/>	<hr/>
<b>Total current assets</b>		<b>1,718,931</b>	<b>1,582,338</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>3,204,920</b>	<b>3,121,236</b>
		<hr/> <hr/>	<hr/> <hr/>

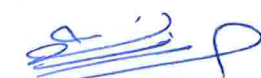
The accompanying notes form an integral part of these condensed consolidated financial statements.

**Condensed consolidated statement of financial position  
as at 30 September 2020 (continued)**

	Notes	30 September 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		600,000	600,000
Legal reserve		202,212	202,212
Translation reserve		(65,781)	(57,475)
Retained earnings		1,131,373	1,216,448
<b>Equity attributable to the owners of the Company</b>		<b>1,867,804</b>	<b>1,961,185</b>
Non-controlling interests		29,249	28,535
<b>Total equity</b>		<b>1,897,053</b>	<b>1,989,720</b>
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits		85,601	80,458
Bank borrowings	12	237,355	8,115
Lease liabilities		54,787	57,098
<b>Total non-current liabilities</b>		<b>377,743</b>	<b>145,671</b>
<b>Current liabilities</b>			
Bank borrowings	12	401,009	513,437
Lease liabilities		17,706	16,932
Trade and other payables	13	511,409	446,191
Due to a related party	14	-	9,285
<b>Total current liabilities</b>		<b>930,124</b>	<b>985,845</b>
<b>Total liabilities</b>		<b>1,307,867</b>	<b>1,131,516</b>
<b>Total equity and liabilities</b>		<b>3,204,920</b>	<b>3,121,236</b>

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 28 October 2020 and signed on its behalf:



Khalifa Sultan Al Suwaidi  
Chairman



Alan Smith (Oct 28, 2020 12:43 GMT+4)

Alan Smith  
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 nine-month period ended 30 September 2020**

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Revenue		<b>492,055</b>	486,113	<b>1,581,727</b>	1,548,430
Cost of sales		<b>(341,726)</b>	(326,747)	<b>(1,097,837)</b>	(1,053,291)
<b>Gross profit</b>		<b>150,329</b>	159,366	<b>483,890</b>	495,139
Selling and distribution expenses		<b>(84,269)</b>	(87,061)	<b>(271,665)</b>	(268,903)
General and administrative expenses		<b>(83,067)</b>	(39,491)	<b>(186,440)</b>	(117,889)
Research and development cost		<b>(1,800)</b>	(1,794)	<b>(5,700)</b>	(5,270)
Other (expense) / income, net		<b>(13,124)</b>	2,529	<b>(11,509)</b>	7,017
<b>Operating (loss)/ profit</b>		<b>(31,931)</b>	33,549	<b>8,576</b>	110,094
Finance income		<b>4,807</b>	5,248	<b>15,945</b>	19,774
Finance expense		<b>(4,177)</b>	(5,339)	<b>(12,242)</b>	(17,086)
<b>(Loss) / profit for the period before income tax and zakat</b>		<b>(31,301)</b>	33,458	<b>12,279</b>	112,782
Income tax and zakat (expense)/ credit		<b>(750)</b>	(304)	<b>(1,351)</b>	3,707
<b>(Loss)/ profit for the period</b>		<b>(32,051)</b>	33,154	<b>10,928</b>	116,489
<b>Attributable to:</b>					
Owners of the Company		<b>(32,392)</b>	33,185	<b>9,871</b>	117,241
Non-controlling interests		<b>341</b>	(31)	<b>1,057</b>	(752)
		<b>(32,051)</b>	33,154	<b>10,928</b>	116,489
<b>Basic and diluted (loss) / earnings per share (AED)</b>	<b>15</b>	<b>(0.054)</b>	0.055	<b>0.016</b>	0.195

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

**Condensed consolidated statement of comprehensive income (unaudited)  
for the nine-month period ended 30 September 2020**

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>(Loss)/ profit for the period</b>	<b>(32,051)</b>	33,154	<b>10,928</b>	116,489
<b>Other comprehensive income:</b>				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	<b>(2,892)</b>	1,178	<b>(8,619)</b>	(353)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	<b>12</b>	(2,635)	<b>(4,976)</b>	(7,299)
<b>Other comprehensive loss</b>	<b>(2,880)</b>	(1,457)	<b>(13,595)</b>	(7,652)
<b>Total comprehensive (loss) / income for the period</b>	<b>(34,931)</b>	31,697	<b>(2,667)</b>	108,837
<b>Attributable to:</b>				
Owners of the Company	<b>(35,408)</b>	31,805	<b>(3,381)</b>	109,719
Non-controlling interests	<b>477</b>	(108)	<b>714</b>	(882)
	<b>(34,931)</b>	31,697	<b>(2,667)</b>	108,837

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

**Condensed consolidated statement of changes in equity  
for the nine-month period ended 30 September 2020**

	Share Capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance as at 31 December 2018 (audited)	600,000	188,509	(55,815)	(3,943)	1,193,326	1,922,077	29,643	1,951,720
Transfer to retained earnings	-	-	-	3,943	(3,943)	-	-	-
Profit / (loss) for the period	-	-	-	-	117,241	117,241	(752)	116,489
<i>Other comprehensive loss for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(223)	-	-	(223)	(130)	(353)
Re-measurement of employees' end of service benefits	-	-	-	-	(7,299)	(7,299)	-	(7,299)
<i>Total comprehensive (loss) / income for the period</i>	-	-	(223)	-	109,942	109,719	(882)	108,837
Dividend for the year 2018 (note 20)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Balance as at 30 September 2019 (unaudited)	600,000	188,509	(56,038)	-	1,209,325	1,941,796	28,761	1,970,557
Balance as 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	-	-	-	-	9,871	9,871	1,057	10,928
<i>Other comprehensive loss for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(8,306)	-	-	(8,306)	(313)	(8,619)
Re-measurement of employees' end of service benefits	-	-	-	-	(4,946)	(4,946)	(30)	(4,976)
<i>Total comprehensive (loss) / income for the period</i>	-	-	(8,306)	-	4,925	(3,381)	714	(2,667)
Dividend for the year 2019 (note 20)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
<b>Balance as at 30 September 2020 (unaudited)</b>	<b>600,000</b>	<b>202,212</b>	<b>(65,781)</b>	<b>-</b>	<b>1,131,373</b>	<b>1,867,804</b>	<b>29,249</b>	<b>1,897,053</b>

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

**Condensed consolidated statement of cash flows (unaudited)  
for the nine-month period ended 30 September 2020**

	Notes	Nine-month period ended 30 September	
		2020 AED'000	2019 AED'000
<b>Cash flows from operating activities</b>			
Profit for the period		10,928	116,489
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	81,886	79,352
Amortisation of intangible assets	8	1,846	1,855
Amortisation of right-of-use assets		19,192	14,101
Interest income		(15,945)	(15,055)
Interest expense	12	9,437	17,086
Provision for employees' end of service benefits		9,307	8,819
Movement in allowance for impairment losses of trade receivables, net	10	58,271	7,839
Gain on sale of property, plant and equipment	6	(273)	(588)
Interest expense on lease liabilities		2,419	1,548
Income tax and zakat expenses / (credit)		1,351	(3,707)
Gain on derivative financial asset		-	(512)
Movement in provision for slow moving inventory, net	9	8,654	4,720
Property, plant and equipment impairment	6	7,970	-
Property, plant and equipment written off	6	-	988
<b>Net cash from operating activities before movement in working capital</b>		<b>195,043</b>	<b>232,935</b>
<i>Change in:</i>			
Inventories		(30,982)	4,124
Trade and other receivables		(45,414)	(120,924)
Due from related parties		(8,947)	(169)
Government compensation receivable		1,622	(24,031)
Due to a related party		(9,285)	5,486
Trade and other payables		66,412	61,006
<b>Cash generated from operating activities</b>		<b>168,449</b>	<b>158,427</b>
Payment of employees' end of service benefits		(9,105)	(7,179)
<b>Net cash generated from operating activities</b>		<b>159,344</b>	<b>151,248</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	(51,976)	(74,578)
Investment in fixed deposits		(401,750)	(296,681)
Proceeds from matured deposits		338,141	281,791
Interest received		14,732	11,246
Proceeds from sale of property, plant and equipment		3,212	2,076
<b>Net cash used in investing activities</b>		<b>(97,641)</b>	<b>(76,146)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	20	(90,000)	(90,000)
Bank borrowings, net	12	(101,467)	27,217
Proceeds from long term loans	12	248,558	-
Settlement for long term loans	12	(19,318)	(1,667)
Interest paid	12	(11,982)	(20,253)
Repayment of principal amount of lease liabilities		(19,630)	(17,009)
<b>Net cash generated from / (used in) financing activities</b>		<b>6,161</b>	<b>(101,712)</b>
<b>Increase / (Decrease) in cash and cash equivalents</b>		<b>67,864</b>	<b>(26,610)</b>
Effect of foreign exchange		(1,928)	844
<b>Cash and cash equivalents as at 1 January</b>		<b>28,833</b>	<b>67,515</b>
<b>Cash and cash equivalents as at 30 September</b>	<b>11</b>	<b>94,769</b>	<b>41,749</b>

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

## Notes to the condensed consolidated financial statements for the nine-month period ended 30 September 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. Pursuant to Law No (02) of 2018 and executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company “Public Joint Stock Company” (ADQ) 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 30 September 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, 17<sup>th</sup> 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
		30 September 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.

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**1 General information (continued)**

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		30 September 2020	31 December 2019	
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.
Delta Alagthia for Manufacturing Company Limited	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.

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
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 nine-month period ended 30 September 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 2023
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 nine-months period ended 30 September 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2020, the Group invested in property, plant and equipment for a net amount of AED 51,976 thousand (30 September 2019: AED 74,578 thousand) of which acquisition of assets amounted to AED 54,538 thousand and advances released amounted to AED 2,562 thousand (30 September 2019: assets acquired amounted to AED 71,939 thousand and advances paid amounted to AED 2,639 thousand).

Assets with a carrying amount of AED 2,939 thousand were disposed during the nine-month period ended 30 September 2020 (30 September 2019: AED 1,488 thousand), resulting in a gain of AED 273 thousand (30 September 2019: gain of AED 588 thousand) which is included in other income. During the period, impairment loss of property, plant and equipment amounted to AED 7,970 thousand (30 September 2019: nil). Additionally, the Group did not write off any assets (30 September 2019: assets written off AED 988 thousand).

Depreciation charge on property, plant and equipment during the nine-month period ended 30 September 2020 amounted to AED 81,886 thousand (30 September 2019: AED 79,352 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 nine-month period ended 30 September 2020, there were no impairment indicators for the goodwill across all cash generating units.

**8 Intangible assets**

During the nine-month period ended 30 September 2020 and 30 September 2019, the Group did not invest in nor dispose of intangible assets.

The amortisation charge on intangible assets during the nine-month period ended 30 September 2020 amounted to AED 1,846 thousand (30 September 2019: AED 1,855 thousand).

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**9 Inventories**

During the nine-month period ended 30 September 2020, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 15,432 thousand (30 September 2019: AED 8,333 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 6,778 thousand (30 September 2019: AED 3,613 thousand).

**10 Trade and other receivables**

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Trade receivables	<b>577,303</b>	534,744
Allowance for impairment losses	<b>(114,136)</b>	(55,865)
	<hr/>	<hr/>
	<b>463,167</b>	478,879
Other receivables	<b>57,794</b>	54,802
Prepayments and advances	<b>47,702</b>	46,626
	<hr/>	<hr/>
	<b>568,663</b>	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:

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Balance at beginning of the period / year	<b>55,865</b>	27,377
Charge for the period / year	<b>58,900</b>	29,844
Written off during the period / year	<b>(629)</b>	(1,356)
	<hr/>	<hr/>
Balance at end of the period / year	<b>114,136</b>	55,865
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**11 Cash and bank balances**

	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Cash on hand	<b>3,959</b>	3,702	1,903
Current and savings accounts	<b>126,660</b>	84,951	73,741
	<hr/>	<hr/>	<hr/>
Cash and bank balances	<b>130,619</b>	88,653	75,644
Escrow account (for dividend distribution 2009 to 2014)	<b>(25,000)</b>	(26,539)	(25,036)
Bank overdrafts (note 12)	<b>(10,850)</b>	(20,365)	(21,775)
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents in the condensed consolidated statement of cash flows</b>	<b>94,769</b>	41,749	28,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	<b>130,619</b>	88,653	75,644
Fixed deposits	<b>625,199</b>	479,951	561,590
	<hr/>	<hr/>	<hr/>
<b>Cash and bank balances in the condensed consolidated statement of financial position</b>	<b>755,818</b>	568,604	637,234
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits are for a period not more than one year and not less than three months (30 September 2019: not more than one year and not less than three months). 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 nine-month period ended 30 September 2020 (continued)**

**12 Bank borrowings**

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

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
<b>Current liabilities:</b>		
Credit facilities	<b>322,050</b>	281,755
Short term loans	<b>56,154</b>	36,489
Bank overdrafts	<b>10,850</b>	21,775
Term loans	<b>11,955</b>	173,418
	<b>401,009</b>	513,437
<b>Non-current liabilities</b>		
Term loans	<b>237,355</b>	8,115

**Terms and repayment schedule**  
*Amounts in AED'000*

	Currency	Interest Rate	Year of maturity	30 September 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 / EUR	LIBOR/ EIBOR/KIBOR/SAIBOR / EURIBOR mid corridor rate + margin *	2020 /2021	<b>197,770</b>	<b>67,004</b>	260,325	58,264
Credit facilities**	USD/ AED	LIBOR/ EIBOR + margin *	2020 / 2021	<b>867,250</b>	<b>322,050</b>	730,525	281,755
Term loan 1***	USD	LIBOR+ margin*	2020	-	-	165,303	165,303
Term loan 2****	USD	LIBOR+ margin*	2025	<b>183,670</b>	<b>183,670</b>	-	-
Term loan 3*****	KWD	KIBOR + margin*	2026	<b>21,574</b>	<b>21,574</b>	17,137	16,230
Term loan 4*****	SAR	SAIBOR + margin *	2025	<b>44,066</b>	<b>44,066</b>	48,950	-
<b>Total</b>				<b>1,314,330</b>	<b>638,364</b>	1,222,240	521,552

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**12 Bank borrowings (continued)**

\* Margin on the above loans and facilities varies from 0.4 % - 0.95 % (2019: 0.40 % - 0.95%) for UAE and 0.5 % - 2.85 % (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 settled the loan of AED 165,303 thousand in full during 2020.

\*\*\*\* The Group has availed a long-term loan of AED 183,670 thousand (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. During the year, the Group refinanced this loan with another bank for AED 21,574 thousand (equivalent to KWD 1,800) for a tenure of six years repayable in 2026 and secured by bank 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:

	<b>30 September 2020 AED'000</b>	31 December 2019 AED'000
<b><i>Changes from financing cash flows related to borrowing</i></b>		
Opening balance	<b>521,552</b>	520,061
Proceeds / (settlement) of long term loans, net	<b>229,240</b>	(6,501)
Settlement from other borrowings excluding overdrafts, net	<b>(101,503)</b>	(1,915)
Interest paid	<b>(11,982)</b>	(21,226)
	<hr/>	<hr/>
Total changes from financing cash flows	<b>115,755</b>	(29,642)
	<hr/>	<hr/>
<b><i>Other changes / liability related</i></b>		
Interest expense	<b>9,437</b>	20,496
Changes in overdrafts and accruals	<b>(8,380)</b>	10,637
	<hr/>	<hr/>
Total liability related other changes	<b>1,057</b>	31,133
	<hr/>	<hr/>
Closing balance	<b>638,364</b>	521,552
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**13 Trade and other payables**

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Trade payables	<b>161,660</b>	137,384
Accrued expenses	<b>222,595</b>	198,196
Other payables	<b>127,154</b>	110,611
	<hr/> <b>511,409</b> <hr/>	<hr/> 446,191 <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:

	<b>Three month-period ended</b>		<b>Nine month-period ended</b>	
	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (unaudited)	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (unaudited)
Short term employment benefits	<b>3,493</b>	5,954	<b>12,845</b>	15,410
Long term employment benefits	<b>281</b>	1,145	<b>2,726</b>	3,237
	<hr/> <b>3,774</b> <hr/>	<hr/> 7,099 <hr/>	<hr/> <b>15,571</b> <hr/>	<hr/> 18,647 <hr/>

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**14 Balances and transactions with related parties (continued)**

*b) Amounts due from related parties*

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Al Foah Company LLC – affiliated company	<b>9,686</b>	-
Dubai Cable Company (Private) Limited - affiliated company	<b>183</b>	147
Emirates Iron & Steel Company LLC – affiliated company	<b>144</b>	220
General Holding Corporation PJSC (SENAAT) – parent company	<b>49</b>	748
	<hr/> <b>10,062</b> <hr/>	<hr/> 1,115 <hr/>

*c) Amounts due to a related party*

	<b>30 September 2020 AED'000 (unaudited)</b>	31 December 2019 AED'000 (audited)
Al Foah Company LLC – affiliated company	-	9,285
	<hr/> - <hr/>	<hr/> 9,285 <hr/>

*d) Transactions with related parties*

Transactions with related parties for the period was as follows:

	<b>Three month-period ended</b>		<b>Nine month-period ended</b>	
	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (unaudited)	<b>30 September 2020 AED'000 (unaudited)</b>	30 September 2019 AED'000 (unaudited)
Sales	<b>23,824</b>	209	<b>24,647</b>	571
Purchases	<b>491</b>	8,238	<b>4,685</b>	19,675
Expenses recharged	-	-	<b>(15)</b>	-

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**15 Basic and diluted (loss)/earnings per share**

	Three month-period ended		Nine month-period ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)	30 September 2020 (unaudited)	30 September 2019 (unaudited)
(Loss) / Profit for the period attributable to the Owners of the Company (AED'000)	<b>(32,392)</b>	33,185	<b>9,871</b>	117,241
Weighted average number of ordinary shares in issue throughout the period ('000)	<b>600,000</b>	600,000	<b>600,000</b>	600,000
Basic and diluted (loss) / earnings per share (AED)	<b>(0.054)</b>	0.055	<b>0.016</b>	0.195

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 30 September 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.

**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:

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**16 Segmental analysis (continued)**

**Consumer Business Division (“CBD”) (continued)**

- 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 Alagthia For Manufacturing Company Limited, 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 nine-month period ended 30 September 2020 (continued)**

**16 Segmental analysis (continued)**

	Agri Business Division (ABD)		Consumer Business Division (CBD)				Total		
	<i>Flour and animal feed</i>	<i>Bottled water and beverages</i>	<i>Food</i>	<i>CBD Total</i>					
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Revenues	<b>741,530</b>	675,766	<b>616,245</b>	701,743	<b>289,560</b>	193,804	<b>905,805</b>	895,547	1,571,313
Intra-group	<b>(23,377)</b>	(3,889)	<b>(10,565)</b>	(11,761)	<b>(31,666)</b>	(7,233)	<b>(42,231)</b>	(18,994)	(22,883)
External revenues	<b>718,153</b>	671,877	<b>605,680</b>	689,982	<b>257,894</b>	186,571	<b>863,574</b>	876,553	1,548,430
Gross profit	<b>172,512</b>	153,824	<b>274,689</b>	317,762	<b>45,137</b>	29,745	<b>319,826</b>	347,507	501,331
Reportable segment (loss) / profit	<b>95,922</b>	88,311	<b>(34,906)</b>	79,943	<b>11,090</b>	4,514	<b>(23,816)</b>	84,457	172,768
<i>Material non-cash item</i>									
Impairment losses on trade receivables, net	<b>8,212</b>	4,567	<b>50,688</b>	3,300	-	-	<b>50,688</b>	3,300	7,867

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**16 Segmental analysis (continued)**

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

**Gross profit for the nine-month period ended**

	<b>Nine-month period ended</b>	
	<b>30 September 2020 (unaudited) AED'000</b>	<b>30 September 2019 (unaudited) AED'000</b>
Total gross profit for reportable segments	<b>492,338</b>	501,331
Unallocated gross loss	<b>(8,448)</b>	(6,192)
<b>Consolidated gross profit for the period</b>	<b>483,890</b>	495,139

**Profit for the nine-month period ended**

	<b>Nine-month period ended</b>	
	<b>30 September 2020 (unaudited) AED'000</b>	<b>30 September 2019 (unaudited) AED'000</b>
Total profit for reportable segments	<b>72,106</b>	172,768
<b><u>Unallocated amounts</u></b>		
Other operating expenses	<b>(69,531)</b>	(56,331)
Net finance income	<b>8,353</b>	52
Consolidated profit for the period	<b>10,928</b>	116,489
Non-controlling interests	<b>(1,057)</b>	752
<b>Consolidated profit for the period attributable to the Owners of the Company</b>	<b>9,871</b>	117,241

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**16 Segmental analysis (continued)**

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

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
<b>Segment Assets</b>		
Agri Business Division	<b>556,690</b>	565,356
Consumer Business Division	<b>1,525,512</b>	1,552,100
	<hr/>	<hr/>
Total assets for reportable segments	<b>2,082,202</b>	2,117,456
Other unallocated amounts	<b>1,122,718</b>	1,003,780
	<hr/>	<hr/>
<b>Total assets</b>	<b>3,204,920</b>	3,121,236
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment Liabilities</b>		
Agri Business Division	<b>193,041</b>	160,672
Consumer Business Division	<b>503,595</b>	416,536
	<hr/>	<hr/>
Total liabilities for reportable segments	<b>696,636</b>	577,208
Other unallocated amounts	<b>611,231</b>	554,308
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,307,867</b>	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 nine-month period ended 30 September 2020 and 2019.

**Notes to the condensed consolidated financial statements  
for the nine-month period ended 30 September 2020 (continued)**

**18 Contingent liabilities and commitments**

	<b>30 September 2020 (unaudited) AED'000</b>	31 December 2019 (audited) AED'000
Bank guarantees	<b>35,642</b>	20,090
Letters of credit	<b>6,988</b>	71,736
Capital commitments	<b>61,626</b>	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 nine-month period ended 30 September 2020 (continued)****20 Dividend**

At the Annual General Meeting held on 16 April 2020, the 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% (2018: 15%) of the issued and paid up share capital of the Company.