

**AGTHIA GROUP PJSC**

**Reports and consolidated financial  
statements for the year ended  
31 December 2021**

## **AGTHIA GROUP PJSC**

### **Reports and consolidated financial statements for the year ended 31 December 2021**

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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 the annual report and consolidated financial statements of Agthia Group PJSC (the "Company") and its subsidiaries (the "Group") for the period ended 31<sup>st</sup> December 2021.

Fiscal year 2021 was the year in which we revealed our 2025 strategy and commenced with delivering on its 3 key pillars:

- **Growth:** as we focused on reshaping the portfolio mix by tapping into new value-add verticals, we successfully completed the acquisition and consolidation of 5 new entities, creating our Snacking and Protein segments:
  - Snacking: Al Foah dates in the UAE (consolidation since January 1<sup>st</sup> 2021), Al Faysal Bakery in Kuwait (January 27<sup>th</sup> 2021) and BMB Group in UAE (December 31<sup>st</sup> 2021)
  - Protein: Nabil Foods in Jordan (April 1<sup>st</sup> 2021) and Atyab in Egypt (August 1<sup>st</sup> 2021)
- **Efficiency:** as we came in front of exceptional inflation in commodity and freight costs, we focused on selective pricing intervention while optimizing our cost structure and advancing in synergy extraction via ensuring a smooth integration of the acquired entities into the Group. Throughout the fiscal year 2021, we managed to optimize costs across the board by AED 73 million (36.4% of our 5 years target of AED 200 million in productivity improvement), largely driven by our efficiency gains in existing businesses and synergy extraction from the newly acquired businesses. On business simplification, we decided to discontinue production of each of Capri-Sun (January 2021) and Fresh Juice (May 2021) businesses on recurring losses post excise tax imposed last year.
- **Capability:** to support the efficient and value accretive integration of new acquisitions, we established a Transformation office responsible solely for the seamless integration of acquired companies into Agthia. The core focus of the Transformation team, with any acquisition, is on i) people, processes, systems, (ii) productivity & efficiency, and (iii) value creation. While realizing that integration is a continuous journey requiring 2-3 years to reap full benefits, we outline below the transformation progress throughout 2021, while setting transformation initiatives roadmap for 2022 and beyond.
  - Al Foah: Phase one of the integration has been successfully completed as planned. We managed to re-size and re-design the organizational setup and processes while unlocking cost synergies and operational efficiencies resulting in a notable contribution to overall cost optimization targets.
  - Al Faysal: Integration was directed towards processes and governance while ensuring business continuity and on-track execution. Our focus now is to leverage Al Faysal's strong network in Kuwait to unlock go-to-market opportunities in collaboration with Al Foah and newly acquired BMB businesses.
  - Nabil and Atyab: Post acquisition of Atyab, our approach shifted towards creating a fully focused Protein business unit which again marks our diversification strategy of expanding Agthia's offerings. As we advance in the completion of the first 100 days diagnosis of Atyab, we focus on setting-up the Protein business to extract potential synergies and value creation from the conjunction of both entities.
  - BMB Group: First 100 days plan commenced whilst safeguarding against any business disruptions to maintain the agile and entrepreneurial business culture. Aligned with the rationale behind acquiring BMB, we target to seek sizable opportunities on new product development, go-to-market synergies and possible consolidation of production sites.

Across the board, from every acquisition we seek to extract maximum cost synergies, while leveraging intra-group assets and relationships to open new avenues for revenue generation.

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### Agthia Group PJSC

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In terms of financial performance, **Group net revenues** stood at AED 3.07 billion, representing 49 percent y-o-y growth (with the inclusion and financial consolidation of Al Foah, Al Faysal Bakery, Nabil Foods and Atyab). The Protein segment contributed 21%, Snacking segment 18%, Water / Beverage and other Food items segment 31% and Agri segment 30% to 2021 Group revenues.

**Consumer business division (CBD)**, under which the newly acquired entities are consolidated, almost doubled (+90%) versus last year. Recording AED 2.14 billion in top-line, CBD now encompasses 70 percent of total group sales (15% higher contribution versus same period last year). This is in line with our strategy of diversifying our revenue streams towards higher growth consumer goods categories.

- **Protein & Frozen** (Nabil Foods, Atyab, Tomato Paste & Frozen Vegetables): The addition of *Nabil Foods* and *Atyab* collectively contributed incremental AED 534 million to our top line in 2021, noting Nabil's inclusion was only for 9 months and Atyab for 5 months post respective consolidation. Total revenue for Protein & Frozen in 2021 was AED 656 million, including tomato paste & frozen vegetables.
- **Snacking** (Al Foah Dates, Bakery in UAE and Al Faysal Bakery in Kuwait): *Al Foah* Dates recorded net AED 446 million in top-line in 2021, up 2% versus the previous year, as we focused on strengthening our presence in the retail segment. As we continue with our integration plan, we successfully managed to significantly increase Al Foah's bottom line on continued cost optimization and synergies. *Al Faysal Bakery* added AED 92 million to top-line (+5% y-o-y), with an improved profitability owing to favorable sales mix and cost optimization initiatives post integration.
- **Water & Other Food items** (Water, Beverage, Dairy & Trading items):
  - **Water & Beverage** revenues of AED 773 million recorded slightly lower sales versus last year (-3% y-o-y) driven by the strategic decision to discontinue the loss-making Beverage business (lost sales of AED 32 million) which more than offset the improved water performance across both local and international markets. In the local market, UAE water (Bottled Water + 5-gallon HOD) recorded flat sales in 2021 versus 2020 on the back of lower Bottled Water volumes in Q1'21 versus pre-COVID Q1'20. This was however largely offset by stronger Q2'21 onwards versus respective periods last year, driven by rebound in volumes specifically in the food service channel. In the retail channel, Agthia's bottled water portfolio – Al Ain Water, Al Bayan, Alpin & Voss – continues to preserve market leadership at respective 26% and 23% volume and value shares<sup>1</sup> despite highly competitive environment. Our international markets performed well as we focused on expanding our footprint despite prolonged COVID-19 restrictions in KSA and Kuwait. Profitability of the Water segment, however, was impacted by increased promotional index, higher PET resin prices and packaging material costs.
  - **Other Food items** (Dairy and Trading Items): Focus continues to be on profitable sales. Other Food Items recorded sales of AED 168 million, a 13% decline relative to the previous year, largely as a result of 2020 volumes being driven by Covid-19 related demand.

**Agri-business division (ABD)** revenues of AED 931 million were flat versus last year, which included a one-time World Food Program order of AED 39 million in Q1'20. On profitability, global inflation in grain prices and freight costs continued to put pressure on margins which we were addressing through operational efficiencies and pricing adjustments. In the commercial farms channel, we were allowed to increase prices starting August 2021. The H1 2021 adverse impact of higher grain prices was mitigated in Q4 2021.

<sup>1</sup> AC Nielsen retail audit December 2021 submission

**Group net profit<sup>2</sup>** for the year came in at AED 216 million (net of AED 41 million M&A and business integration associated costs), versus AED 34 million last year in which we recorded AED 83 million of one-offs<sup>3</sup> related to a strategic assessment of our books. Excluding last year's one-offs, higher net income versus last year was supported by (i) the consolidation of the 4 newly acquired entities and (ii) cost optimization initiatives via integration and productivity enhancements; both of which more than offset the unfavorable impact of higher raw material costs and additional M&A associated costs towards intangible assets amortization, acquisition debt finance cost and advisory fees.

**Earnings per share (EPS)** equates to AED 0.286 based on the weighted average number of shares of 755 million shares as of 31 December 2021.

**Total group assets** reached AED 6.4 billion driven by consolidating the assets of Al Foah, Al Faysal Bakery, Nabil Foods, Atyab and BMB Group (as of December 31<sup>st</sup> 2021). Cash accumulated from operating activities of AED 498 million was up 65% versus last year on account of enhanced working capital management and consolidation of the acquired entities. Cash and bank balances amounted to AED 1.12 billion. **Total shareholder's equity** stood at AED 2.8 billion post issuing additional 191.6 million shares to complete Al Foah and Nabil Foods acquisitions.


**Dividend:** In line with our semi-annual dividend policy, the Board of Directors is pleased to recommend 8.25% cash dividend for the second half of year 2021, equivalent to 8.25 fils per share. If approved by shareholders, total dividends distributed for the full year 2021 will amount to AED 130.6 million (vs. 118.8 million in 2020).

**Code of Corporate Governance:** The Board of Directors and Management of the Company are committed to the principles of good governance. A full report of the Company's Corporate Governance activities, endorsed by the Board, has been provided in the Corporate Governance section of the annual report.

**Financial Reporting Framework:** The Directors of Agthia Group PJSC, to the best of their knowledge, believe that:

- The consolidated financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows, and change in equity,
- The Company has maintained proper books of accounts,
- International Financial Reporting Standards (IFRS), as applicable, have been followed in the preparation of these consolidated financial statements,
- The system of internal control is sound in design and has been effectively implemented and monitored,
- There is no doubt about the Company's ability to continue as a going concern.



  
**Khalifa Sultan Al Suwaidi**  
Chairman  
07 March 2022

<sup>2</sup> Attributable to shareholders

<sup>3</sup> Details disclosed in the published financial statements for the period ending Sept 2020

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the consolidated financial statements of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants* (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)**

**Key Audit Matters (continued)**

Key audit matters	How our audit addressed the key audit matter
<p><b>Business combinations</b></p> <p><i>Refer to note 3, note 4 and note 37 of the consolidated financial statements.</i></p>	
<p>During the year, the Group entered into five business acquisitions for a consideration of AED 2,347,565 thousands. Refer to Note 3 to the consolidated financial statements for the accounting policy, Note 4 for the key judgments around the acquisitions, and Note 37 for the business combination disclosure. The acquisitions were accounted for by determining the fair values of assets and liabilities acquired, including intangible assets and goodwill and resulted in the recognition of intangible assets of AED 374 million and goodwill of AED 1,370 million. The Group has undertaken a purchase price allocation as required by IFRS 3 Business Combinations for each acquisition. We considered this to be a key audit matter given the complex valuation considerations, the use of multiple estimates and the use of specialists. . In particular, we focused on:</p> <ul style="list-style-type: none"> <li>• The allocation of the purchase price;</li> <li>• The opening statement of financial position, considering fair value adjustments recognized;</li> <li>• The identification of intangible assets; and</li> <li>• The useful economic lives used in amortizing intangible assets. Due to the size and complexity of the acquisitions, we considered this to be a key audit matter.</li> </ul>	<p>We performed procedures over accounting and disclosures of business acquisitions and our work consisted of:</p> <ul style="list-style-type: none"> <li>(i) Evaluating the adequacy of the design and implementation of controls over acquisition accounting.</li> <li>(ii) Reviewing the sale and purchase agreements of the acquisitions, management position papers and related supporting documents.</li> <li>(iii) Assessing the acquisition accounting for each transaction, and testing the validity and completeness of the consideration; this includes also reviewing the contingent consideration calculation to determine that it is in accordance with the purchase and sale agreements and the assumptions made agree to the underlying data, such as trading performance for the current year, and approved budgets for future for the relevant period;</li> <li>(iv) Determining that the acquisition date for each business acquisition had been appropriately identified;</li> <li>(v) Engaging our valuation specialists to support our review of the acquisition accounting, and in particular the valuation of acquired intangible assets identified; This included evaluating the methodology applied to the valuation of the identified intangible assets and assessing whether the assumptions and inputs used in the model reflected the facts and circumstances as at the date of acquisition; challenging the assumptions used against our own independent expectations, which were based on our industry knowledge and experience; and assessing the consistency of forecast data included in the model with the Group's own forecasts and business plans approved by the Board; and</li> <li>(vi) Assessing the disclosures provided in Note 37 to the consolidated financial statements against the requirements of IFRSs.</li> </ul>

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)**

**Key Audit Matters (continued)**

Key audit matters	How our audit addressed the key audit matter
<p><b>Carrying value of goodwill</b></p> <p><i>Refer to note 3 and note 8 of the consolidated financial statements.</i></p>	
<p>As of 31 December 2021, the carrying value of goodwill amounted to AED 1,646 million, or 25.7% of total assets, as disclosed in Note 8.</p> <p>In accordance with IAS 36 Impairment of Assets, an entity is required to test goodwill acquired in a business combination for impairment at least annually irrespective of whether there is any indication of impairment.</p> <p>Goodwill is monitored by management at the level of cash-generating units ("CGUs"). Management carried out an impairment exercise as at 31 December 2021 in respect of goodwill allocated to each CGU by determining a recoverable amount based on value-in-use derived from a discounted cash flow model, which was based on the most recent formal business plan prepared by the Group's management and included the effects of the Covid-19 global pandemic.</p> <p>An impairment is recognized on the consolidated statement of financial position when the recoverable amount is less than the net carrying amount in accordance with IAS 36, as described in Note 3 to the consolidated financial statements. The determination of the recoverable amount is mainly based on discounted future cash flows.</p> <p>We considered the impairment of goodwill to be a key audit matter, given the method for determining the recoverable amount and the significance of the account in the Group's consolidated financial statements. In addition, the recoverable amounts are based on the use of significant assumptions, estimates or assessments made by management, in particular future cash flow projections, the estimate of the discount rates and long-term growth rates.</p>	<p>We have familiarized ourselves with the process implemented by the Group to determine the recoverable amounts of goodwill allocated to Cash-Generating Units (CGU). Our work consisted of:</p> <ul style="list-style-type: none"> <li>(i) Evaluating the design and implementation of controls over the Group's initial recognition and testing of goodwill for impairment;</li> <li>(ii) assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill is allocated and assessing that the methods used are in accordance with requirement of IAS 36;</li> <li>(iii) reconciling the net carrying amount of the goodwill allocated to the CGU tested with the Group's accounting records;</li> <li>(iv) engaging our valuation specialists to review the management's discounted cash flow models and assess the discount rates and the growth rates applied by benchmarking against independent data;</li> <li>(v) substantiating the key assumptions on which budget estimates underlying the cash flows used in the valuation models are based, including those which have been impacted by the Covid-19 global pandemic. For this purpose, we also compared the estimates of cash flow projections of previous periods with actual corresponding results, to assess the pertinence and reliability of the process for making forecasts;</li> <li>(vi) substantiating the results of sensitivity analyses carried out by management by comparing them to those realized by us;</li> <li>(vii) verifying the arithmetical accuracy of the valuations used by the Group.</li> </ul> <p>We have also assessed the disclosures provided in Note 8 to the consolidated financial statements against the requirements of IFRSs.</p>



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)**

**Other Information**

The Board of Directors' and Management are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and the Annual Report 2021, which will be made available to us after the auditor's report date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we will read the Annual Report 2021, if we conclude that there is a material misstatement therein, we will be required to communicate the matter to those charged with governance and consider whether a reportable irregularity exists in terms of the auditing standards, which must be reported.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015 (as amended), and for such internal control as management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)**

**Other Information**

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If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)**

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGTHIA GROUP PJSC (continued)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Law No. (2) of 2015 (as amended), we report for the year ended 31 December 2021 that:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended);
- the Group has maintained proper books of account;
- the financial information included in the Directors' report is consistent with the books of account of the Group;
- Note 1 and note 37 to the consolidated financial statements disclose the shares purchased by the Group during the financial year ended 31 December 2021;
- Note 1 to the consolidated financial statements of the Group discloses social contributions made during the financial year ended 31 December 2021;
- Note 13 to the consolidated financial statements discloses the material related party transactions and balances, and the terms under which they were conducted; and
- based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2021 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 (as amended) or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2021.

Further, as required by the Resolution of the Chairman of the Abu Dhabi Accountability Authority No. (1) of 2017 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the procedures performed and information provided to us, nothing has come to our attention that causes us to believe that the Group has not complied, in all material respects, with any of the provisions of the following laws, regulations and circulars as applicable, which would materially affect its activities or the consolidated financial statements as at 31 December 2021:

- law of establishment; and
- relevant provisions of the applicable laws, resolutions and circulars organising the Group's operations.

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah  
Registration No. 717  
7 March 2022  
Abu Dhabi  
United Arab Emirates

**Consolidated statement of financial position  
as at 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	5	109,444	73,087
Property, plant and equipment	6	1,500,436	1,049,990
Investment in an associate and a joint venture	7	24,251	-
Goodwill	8	1,646,032	275,933
Intangible assets	9	439,110	79,510
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>3,719,273</b>	1,478,520
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	10	708,241	346,014
Trade and other receivables	11	813,044	527,769
Government compensation receivable	12	10,283	12,451
Due from related parties	13	14,778	408
Cash and bank balances	14	1,123,257	775,509
		<hr/>	<hr/>
<b>Total current assets</b>		<b>2,669,603</b>	1,662,151
		<hr/>	<hr/>
<b>Total assets</b>		<b>6,388,876</b>	3,140,671
		<hr/> <hr/>	<hr/> <hr/>




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

**Consolidated statement of financial position  
as at 31 December 2021 (continued)**

	Notes	2021 AED'000	2020 AED'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	791,577	600,000
Share premium	20	652,097	-
Legal reserve	21	227,263	205,659
Translation reserve		(77,742)	(64,254)
Retained earnings		1,166,698	1,157,104
<b>Equity attributable to the owners of the Company</b>		<b>2,759,893</b>	<b>1,898,509</b>
Non-controlling interests		198,626	29,662
<b>Total equity</b>		<b>2,958,519</b>	<b>1,928,171</b>
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	15	123,817	81,225
Bank borrowings	16	1,636,953	237,488
Lease liabilities	17	74,107	53,254
Deferred government grant	18	28,940	-
<b>Total non-current liabilities</b>		<b>1,863,817</b>	<b>371,967</b>
<b>Current liabilities</b>			
Bank borrowings	16	422,224	298,558
Lease liabilities	17	33,092	18,979
Deferred government grant	18	11,245	-
Trade and other payables	19	976,283	518,101
Due to a related party	13	-	4,895
Contingent considerations	37	123,696	-
<b>Total current liabilities</b>		<b>1,566,540</b>	<b>840,533</b>
<b>Total liabilities</b>		<b>3,430,357</b>	<b>1,212,500</b>
<b>Total equity and liabilities</b>		<b>6,388,876</b>	<b>3,140,671</b>

To the best of our knowledge, the 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 years presented therein.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 7 March 2022 and signed on its behalf:

 <hr/> <b>Khalifa Sultan Al Suwaidi</b> Chairman	 <hr/> Alan Smith (Mar 7, 2022 15:34 GMT+4) <hr/> <b>Alan Smith</b> Chief Executive Officer	 <hr/> <b>Ammar Al Ghouli</b> Chief Financial Officer
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The accompanying notes form an integral part of these consolidated financial statements.

**Consolidated statement of profit or loss  
for the year ended 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
Revenue	23	3,067,614	2,061,216
Cost of sales	24	(2,110,937)	(1,420,616)
<b>Gross profit</b>		<b>956,677</b>	<b>640,600</b>
Selling and distribution expenses	25	(449,041)	(357,014)
General and administrative expenses	26	(270,997)	(234,140)
Research and development costs	27	(9,598)	(7,447)
Share of loss of a joint venture	7	(2,900)	-
Other income / (expense)	28	28,185	(9,226)
<b>Operating profit</b>		<b>252,326</b>	<b>32,773</b>
Finance income	29	16,731	21,584
Finance expense	30	(20,855)	(17,353)
<b>Profit before tax and zakat</b>		<b>248,202</b>	<b>37,004</b>
Income tax and zakat expense	31	(16,997)	(1,483)
<b>Profit for the year</b>		<b>231,205</b>	<b>35,521</b>
<b>Attributable to:</b>			
Owners of the Company		216,039	34,471
Non-controlling interests		15,166	1,050
		<b>231,205</b>	<b>35,521</b>
<b>Basic and diluted earnings per share (AED)</b>	32	<b>0.286</b>	<b>0.057</b>

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

**Consolidated statement of comprehensive income  
for the year ended 31 December 2021**

	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
<b>Profit for the year</b>	<b>231,205</b>	35,521
<b>Other comprehensive loss:</b>		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Foreign currency translation difference on foreign operations	<b>(13,309)</b>	(6,889)
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Re-measurement of employees' end of service benefits	<b>(882)</b>	(181)
<b>Other comprehensive loss</b>	<b>(14,191)</b>	(7,070)
<b>Total comprehensive income for the year</b>	<b>217,014</b>	28,451
<b>Attributable to:</b>		
Owners of the Company	<b>201,815</b>	27,324
Non-controlling interests	<b>15,199</b>	1,127
	<b>217,014</b>	28,451

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

**Consolidated statement of changes in equity  
for the year ended 31 December 2021**

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Attributable to the owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 1 January 2020	600,000	-	202,212	(57,475)	1,216,448	1,961,185	28,535	1,989,720
Profit for the year	-	-	-	-	34,471	34,471	1,050	35,521
<i>Other comprehensive (loss)/ income:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(6,779)	-	(6,779)	(110)	(6,889)
Re-measurement of employee's end of service benefits	-	-	-	-	(368)	(368)	187	(181)
<i>Total comprehensive (loss)/ income for the year</i>	-	-	-	(6,779)	34,103	27,324	1,127	28,451
Dividend for the year 2019 (note 22)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Transfer to legal reserve	-	-	3,447	-	(3,447)	-	-	-
Balance at 31 December 2020	600,000	-	205,659	(64,254)	1,157,104	1,898,509	29,662	1,928,171

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

**Consolidated statement of changes in equity  
for the year ended 31 December 2021 (continued)**

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Attributable to the owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 31 December 2020	600,000	-	205,659	(64,254)	1,157,104	1,898,509	29,662	1,928,171
Profit for the year	-	-	-	-	216,039	216,039	15,166	231,205
<i>Other comprehensive (loss)/ income:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(13,488)	-	(13,488)	179	(13,309)
Re-measurement of employees' end of service benefits	-	-	-	-	(736)	(736)	(146)	(882)
<i>Total comprehensive (loss)/ income for the year</i>	-	-	-	(13,488)	215,303	201,815	15,199	217,014
Dividend for the year 2020 (note 22)	-	-	-	-	(184,105)	(184,105)	-	(184,105)
Issuance of share capital and share premium (note 20)	191,577	652,097	-	-	-	843,674	-	843,674
Non-controlling interests arising on business combinations (note 37)	-	-	-	-	-	-	153,765	153,765
Transfer to legal reserve	-	-	21,604	-	(21,604)	-	-	-
<b>Balance at 31 December 2021</b>	<b>791,577</b>	<b>652,097</b>	<b>227,263</b>	<b>(77,742)</b>	<b>1,166,698</b>	<b>2,759,893</b>	<b>198,626</b>	<b>2,958,519</b>

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

**Consolidated statement of cash flows  
for the year ended 31 December 2021**

	Notes	2021 AED'000	2020 AED'000
<b>Cash flows from operating activities</b>			
Profit before tax and zakat expense		248,202	37,004
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	151,930	107,999
Amortisation of right-of-use assets	5	35,531	25,786
Amortisation of intangible assets	9	12,672	2,459
Interest income	29	(16,731)	(19,150)
Interest expense	30	16,416	12,596
Provision for employees' end of service benefits	15	13,837	12,633
Allowance for impairment losses of trade receivables, net	11	12,674	60,480
Gain on sale of property, plant and equipment	28	(1,587)	(442)
Movement in allowance for slow moving inventory, net	10	17,992	8,190
Interest expense on lease liabilities	17	3,768	3,138
Property plant and equipment impairment	6	-	7,970
Property, plant and equipment write off	6	-	201
Share of loss from investment in a joint venture	7	2,900	-
		<hr/>	<hr/>
		497,604	258,864
<b>Movements in working capital:</b>			
Inventories		(117,940)	(18,304)
Trade and other receivables		147,582	(8,937)
Due from related parties		8,066	707
Government compensation receivable		2,168	15,331
Due to a related party		(4,895)	(4,390)
Deferred government grant		(1,082)	-
Trade and other payables		(16,976)	73,388
		<hr/>	<hr/>
<b>Cash generated from operations</b>		514,527	316,659
Payment of employees' end of service benefits	15	(16,291)	(12,017)
Income tax and zakat paid		(390)	(865)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		497,846	303,777
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	6	(134,204)	(71,083)
Investment in fixed deposits, net		(275,015)	(33,452)
Investment in subsidiaries, net of cash acquired	37	(1,252,426)	-
Interest received		16,989	20,145
Proceeds from sale of property, plant and equipment		2,360	5,720
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		(1,642,296)	(78,670)
		<hr/>	<hr/>

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

**Consolidated statement of cash flows  
for the year ended 31 December 2021 (continued)**

	Notes	2021 AED'000	2020 AED'000
<b>Cash flows from financing activities</b>			
Dividend paid	22	(184,105)	(90,000)
Proceeds from long term borrowings		1,402,493	254,349
Repayments of long term borrowings		(11,884)	(13,009)
Movement in short term borrowings, net		68,667	(205,031)
Repayments of principal amount of lease liabilities	17	(39,969)	(28,313)
Interest paid		(13,048)	(14,692)
		<hr/>	<hr/>
<b>Net cash from / (used in) financing activities</b>		<b>1,222,154</b>	<b>(96,696)</b>
		<hr/>	<hr/>
<b>Increase in cash and cash equivalents</b>		<b>77,704</b>	<b>128,411</b>
Effect of foreign exchange rate changes		(5,312)	(1,773)
<b>Cash and cash equivalents as at 1 January</b>	<b>14</b>	<b>155,471</b>	<b>28,833</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents as at 31 December</b>	<b>14</b>	<b>227,863</b>	<b>155,471</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Non-cash transaction</b>			
Acquisition of subsidiaries through issuance of shares	20	843,674	-
		<hr/> <hr/>	<hr/> <hr/>

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

## Notes to the consolidated financial statements for the year ended 31 December 2021

### 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 62.9% 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. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported consolidated financial results for the year ended 31 December 2021. 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 Group made social contributions amounting to AED 825 thousand during the year ended 31 December 2021 (2020: AED 768 thousand).

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

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		2021	2020	2021	2020	
Grand Mills Company PJSC (Agri business division)	UAE	100	100	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	100	100	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 (Agthia Egypt)	Egypt	100	100	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.

**Notes to the consolidated financial statements**  
**For the year ended 31 December 2021 (continued)**

**1 General information (continued)**

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest (%)		Beneficial ownership interest (%)		Principal activities
		2021	2020	2021	2020	
Al Bayan Purification and Potable Water LLC (Al Bayan)	UAE	<b>100</b>	100	<b>100</b>	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	<b>100</b>	100	<b>100</b>	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	<b>50</b>	50	<b>50</b>	50	Production, bottling and sale of bottled water.
Al Foah Company LLC (Foah) (note 37)	UAE	<b>100</b>	-	<b>100</b>	-	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (Al Faysal) (note 37)	Kuwait	<b>100</b>	-	<b>100</b>	-	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (Al Nabil) (note 37)	Jordan	<b>80</b>	-	<b>80</b>	-	Manufacturing and trading in processed protein food products
Ismailia Agricultural and Industrial Investment (Furat) (Atyab) (note 37)	Egypt	<b>75.02</b>	-	<b>75.02</b>	-	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) (note 37) *	KSA	<b>100%</b>	-	<b>80%</b>	-	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) (note 37) *	UAE	<b>100%</b>	-	<b>80%</b>	-	Manufacturing and trading of sweets and snacking items.

\* Represents the Group beneficial ownership after excluding the economic interest of the management party (note 37). Agthia Group legally owns 100% of these companies issued share capital.

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)**

**2.1 New and revised IFRSs applied with no material effect on the consolidated financial statements**

During the year, 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 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current year but may affect the accounting for the Group’s future transactions or arrangements.

**Amendments to Interest Rate Benchmark Reform in IFRS 9 and IFRS 7**

In September 2020, the IASB issued Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

In the current year, the IASB issued the Phase 2 amendments Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16). Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as ‘risk free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of the financial statements. The entities can apply the amendments retrospectively with any adjustments recognising in the appropriate components of equity as at 1 January 2021, instead of restating the prior period.

Both the Phase 1 and Phase 2 amendments are not relevant to the Group given that they have not applied hedge accounting to its benchmark interest rate exposures and therefore do not have any impact on the Group’s consolidated financial statements.

**Amendments to IFRS 16 Leases relating to Covid-19-Related Rent Concessions**

In May 2021, the IASB issued Covid-19-Related Rent Concessions (amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- There is no substantive change to other terms and conditions of the lease.

The amendments are not relevant to the Group given that there are no rent concessions that occurred as a direct consequence of COVID-19 and therefore does not have any impact on the Group’s consolidated financial statements.

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs 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:

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policy holders' options and guarantees.

In June 2020, the IASB issued amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023.

At the same time, the Board issued extension of the temporary exemption from applying IFRS 9 (amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<b>New and revised IFRSs</b>	<b>Effective for annual periods beginning on or after</b>
<p>Amendments to IFRS 10 <i>Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p>	<p>Effective date not yet decided</p>
<p>Amendments to IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i></p> <p>The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.</p> <p>The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.</p> <p>The amendments are applied retrospectively.</p>	<p>1 January 2023</p>

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
<p>The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.</p>	
Amendments to IAS 16 <i>Property, Plant and Equipment</i> related to proceeds before intended use	1 January 2022
<p>The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 <i>Inventories</i>.</p> <p>The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.</p>	



**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

**New and revised IFRSs**

Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IFRS 16 *Leases*, and IAS 41 *Agriculture* (continued)

**IFRS 9 Financial Instruments**

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

**IFRS 16 Leases**

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

**IAS 41 Agriculture**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

**Effective for  
annual periods  
beginning on or after**

The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<p>Amendments to IAS 1 <i>Presentation of financial statements</i> and IFRS Practice Statement 2 <i>Making materiality judgements</i> related to disclosure of accounting policies</p> <p>The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p> <p>The Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.</p> <p>The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>	<p>The amendments to IAS 1 are effective from 1 January 2023 and the amendment to IFRS Practice Statement 2 does not contain an effective date or transition requirements</p>

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<b><u>New and revised IFRSs</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> related to definition of accounting estimates	1 January 2023
<p>The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.</p> <p>The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:</p> <ul style="list-style-type: none"> <li>• A change in accounting estimate that results from new information or new developments is not the correction of an error</li> <li>• The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors</li> </ul> <p>The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p> <p>The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.</p>	

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)**

**2.2 New and amended IFRSs in issue but not yet effective and not early adopted (continued)**

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IAS 12 related to deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
<p>The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.</p> <p>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p> <p>The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.</p> <p>The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:</p> <ul style="list-style-type: none"> <li>• A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with: <ul style="list-style-type: none"> <li>- Right-of-use assets and lease liabilities</li> <li>- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset</li> </ul> </li> <li>• The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.</li> </ul>	

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 consolidated financial statements of the Group in the period of initial application.

**Notes to the consolidated financial statements  
For the year ended 31 December 2021 (continued)**

**3 Summary of significant accounting policies**

**Statement of compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Articles of Association of the Company, as amended, and wherever applicable, with the UAE Federal Law No. 2 of 2015 (as amended).

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and will come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

**Basis of preparation**

These consolidated financial statements are presented in UAE Dirhams (AED), rounded to the nearest thousands, which is the functional currency of the Group.

These consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

**Basis of consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

IFRS 10 governs the basis for consolidation where it establishes a single control model that applies to all entities including special purpose entities or structured entities.

The definition of control under IFRS 10 is that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all the following three criteria must be met, including:

- (a) the investor has power over an investee;
- (b) the investor has exposure to, or rights, to variable returns from its involvement with the investee; and
- (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns.

*Subsidiaries*

Subsidiaries are investees that are controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has control if, there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

*Non-controlling interests*

NCI are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Basis of consolidation (continued)***Business combination*

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, together with the fair value of any contingent consideration payable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

*Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. Gains or losses on disposals of non-controlling interests are also recorded in the consolidated statement of changes in equity.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's executive management.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which financial information is available (note 36).

**Foreign currency***(a) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss within "finance expense".

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "finance expense".

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**3 Summary of significant accounting policies (continued)**

**Foreign currency (continued)**

*(b) Group companies*

The results and financial position of all the Group subsidiaries (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the Group's functional and presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the date of the consolidated statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at the rate prevailing on the date of the transaction; and
- (iii) all resulting exchange differences are recognised in the consolidated statement of comprehensive income.

**Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition or construction of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated though it is subject to impairment testing. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	20-40 years
Plant and equipment	2-20 years
Motor vehicles	4-8 years
Software	4-8 years
Furniture and fixtures	4-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 3 "impairment of non-financial assets"). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the consolidated statement of profit or loss.

*Capital work in progress*

The Group capitalises all costs relating to the construction of property, plant and equipment as capital work in progress, up to the date of completion and commissioning of the assets.

These costs are then transferred from capital work in progress to the appropriate asset class upon completion and commissioning and are depreciated over their useful economic lives from the date of such completion and commissioning.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**3 Summary of significant accounting policies (continued)**

**Goodwill and Intangible assets**

*Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Calculations are performed based on the expected cash flows of the relevant cash generating units and discounting them at an appropriate discount rate, the determination of which requires the exercise of judgement.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

*Acquired intangible assets*

Intangible assets acquired separately are measured initially at fair value which reflects market expectations of the probability that future economic benefits embodied in the asset will flow to the Group.

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised. Useful lives of intangible assets with definite lives are stated below.

Brand names	20-25 years
Customer relationships	10-12 years
Customer contracts	2 years

**Impairment of non-financial assets**

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity. It excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**Cash and bank balances**

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, cash at banks, and deposits held at call with banks with original maturities of not more than three months adjusted for bank overdrafts and restricted cash.

In the consolidated statement of financial position, cash and bank balances include cash on hand, cash at banks, deposits held at call with banks, and restricted cash.

Bank overdrafts are shown within current bank borrowings.

**Share capital and share premium**

Ordinary shares are classified as equity. Share premium related to ordinary shares is classified as equity.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is recognised in the consolidated statement of profit or loss over the period of loan.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Bonus and long-term incentive plans*

The Group recognises the liability for bonuses and long-term incentives in the consolidated statement of profit and loss on an accrued basis. The benefits for the management are subject to board's approval and are linked to business performance.

*Defined contribution plan*

Monthly pension contributions are made in respect of UAE national employees, who are covered by the Law No. 2 of 2000. The pension fund is administered by the Government of Abu Dhabi, Department of Finance, represented by the Abu Dhabi Retirement Pensions and Benefits Fund. Pension is accounted for in accordance with the local and regulatory requirements for non-UAE GCC national employees.

*Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group currently operates an unfunded scheme for defined benefits in accordance with the applicable provisions of the UAE Federal Labour Law and is based on periods of cumulative service and levels of employees' final basic salaries. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the valuation date on US AA-rated corporate bonds, which in the absence of a deep market in corporate bonds within the UAE is the relevant proxy market as determined by the Group.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When benefits of the plan are improved, the portion of the increased benefit related to past service by employees is recognised in the profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in the consolidated statement of other comprehensive income and all expenses related to defined benefit plans within the consolidated statement of the profit or loss.

**Provisions**

Provisions for claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required and settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Finance income and finance expenses**

Finance income comprises interest income on call deposits and gains on derivative financial instruments. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expenses on borrowings, interest expenses on lease liabilities, and foreign exchange results. All borrowing costs are recognised in the consolidated statement of profit or loss using the effective interest method.

**Dividend distribution**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the Group's shareholders.

**Zakat and foreign income tax**

The Group's operations in the Kingdom of Saudi Arabia is subject to Zakat. Zakat is provided for in accordance with General Authority of Zakat and Tax ("GAZT") regulations.

Income tax for overseas subsidiaries operating within taxable jurisdiction is provided for in accordance with the relevant income tax regulations of the countries of incorporation. Adjustments arising from final Zakat and Foreign income tax assessments are recorded in the period in which such assessments are made.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Deferred tax assets / liabilities**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference and unused tax losses arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Deferred tax assets / liabilities (continued)**

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Earnings per share**

The Group presents earnings per share data for its shares. Earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company by the weighted average number of shares outstanding during the year.

**Revenue recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with customers and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

*Sale of goods*

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group accounts for that revenue at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Some contracts for the sale of goods provide customers with several considerations including a right of return and volume rebates. Rights of return and volume rebates give rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred.

*Right of return*

When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products, if any. The Group uses the expected value method to estimate the goods that will be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group applies the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. If significant, the Group presents a refund liability and an asset for the right to recover products from a customer separately in this consolidated statement of financial position.

*Volume rebates*

The Group provides retrospective volume rebates to selected customers and products as per the terms specified in the contract. Rebates are offset against amounts payable by the customer on subsequent purchases. Retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the method to each customer as per the agreed upon rebate scheme that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration. Accordingly, the Group recognised contract liabilities for the expected future rebates.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Revenue recognition (continued)***Considerations paid or payable to customers*

The Group pays exclusivity fees, display fees, remodeling fees, opening fees, and listing and other fees to certain customers for the provision of various services. The Group assesses whether these services are distinct when compared to the goods sold to the customers. The distinct or non-distinct services are then recognised as selling and distribution expenses or netted against revenue, respectively.

**Leases***The Group as lessee*

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Leases (continued)**

The Group did not make any such adjustments during the period presented.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Property, plant and equipment' policy.

*The Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term

**Financial instruments**

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the consolidated profit or loss.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

*Classification and measurement - Financial assets*Financial assets at amortised cost

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. A gain or loss on a debt investment subsequently measured at amortised cost and not part of a hedging relationship is recognised in the consolidated statement of income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**3 Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

Impairment

Loss allowance for financial investments measured at amortised costs are deducted from gross carrying amount of assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information. Forward-looking information considered includes the future prospects of the industries in which the Group's receivables operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Financial instruments (continued)***Impairment (continued)*

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For certain categories of financial assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default on receivables.

*Measurement of ECL*

The Group employs statistical models for ECL calculations for its trade and other receivables, government compensation receivables, due from related parties and cash and bank balances. ECLs are a probability-weighted estimate of credit losses. The parameters used in calculation are derived from the Group's internally developed statistical models and other historical data and adjusted to reflect forward-looking information.

The Group assess impairment loss on its trade and other receivables portfolio using an expected loss measurement basis using the simplified approach.

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

*Financial liabilities and equity instruments**Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Financial instruments (continued)***Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

*Financial liabilities*

Payables and accruals and lease liabilities, classified as 'financial liabilities', are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

**Investments in an associates and joint ventures**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Investments in an associates and joint ventures (continued)**

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

**Government compensation and grants**

Compensation pertains to funds that compensate the Group for selling flour and animal feed at subsidised prices within the Emirate of Abu Dhabi and are recognised in the consolidated statement of profit or loss, as a deduction from the cost of sales, on a systematic basis in the same period in which the sales transaction is affected.

Grants from Abu Dhabi Government are provided to the Group to finance some of the operational and capital expenditures of the Group and are recognised at their nominal value where there is reasonable assurance that grants will be received. The nominal value is deemed to be the cost to the donor. There are no explicit conditions attached to the government grants received except that these should be utilised by the Group for the purpose these are provided for.

Any surplus of government grants which is not utilised in the year it is received by the Group, is deferred to the subsequent period. This deferred government grant is included in current liabilities. Any excess expenditure over government grants received is recorded as balance receivable from government in the consolidated statement of financial position.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****3 Summary of significant accounting policies (continued)****Government compensation and grants (continued)***Grants related to assets*

Non-monetary government grants related to assets are recognised at the carrying amount of the assets and presented as deferred government grant in the consolidated statement of financial position. The grant is amortised over the life of the depreciable assets and is offset with the relevant depreciation expense of the assets.

*Grants related to operations*

Other government grants, which relate to operational expenditures, are recognised in consolidated statement of profit or loss over the periods necessary to match them with the costs that they are intended to compensate, on a systematic basis. Grants related to income are shown net of the related expenses when reporting these in profit or loss.

**4 Accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies (see note 3); management has made the following judgements and estimates which have a significant effect on the amounts of the Group assets and liabilities recognised in these consolidated financial statements.

*Provision for expected credit losses of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer channels that have similar loss patterns (i.e. customer type and rating, and coverage by letters of guarantees).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the market, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is within these consolidated financial statements (see note 3 and note 35 "Financial Instruments")

*Useful lives of property, plant and equipment*

Management assigns useful lives and residual values to items of property, plant and equipment based on the intended use of the assets and the expected economic lives of those assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from the initial estimates.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****4 Accounting estimates and judgements (continued)***Impairment of non-current assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained within these consolidated financial statements (notes 8 and 9).

*Provision for obsolescence on inventories*

Management reviews the movement in ageing and movements of its inventory items to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in the consolidated statement of profit or loss, management makes judgements as to whether there is any observable data indicating that future salability of the product and the net realisable value for such product and expired or close to expiry raw material and finished goods.

*Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive whether to exercise an extension or a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

*Discounting of lease payments*

The lease payments are discounted using the Group's incremental borrowing rate ("IBR") except for few contracts with respect to the land and buildings, where implicit rate in lease is used. Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Further information about accounting estimates, judgements and significant assumptions made in measuring fair values are disclosed in within these consolidated financial statements.

*Determination of acquisition date in a business combination*

One of the critical steps in a business combination is to identify the acquisition date. As per IFRS 3 "Business Combinations", the acquisition date is defined as the date on which the acquirer obtains control of the acquiree. The acquisition date is critical because it determines when the acquirer recognizes and measures the consideration transferred, the assets acquired, and liabilities assumed. The acquiree's results are consolidated from this date. In a business combination affected by a sale and purchase agreement, the acquisition date is generally the specified closing or completion date. It is often readily apparent from the structure of the business combination and the terms of the sale and purchase agreement (if applicable) but this is not always the case.

IFRS 3 explains that the date on which the acquirer obtains control of the acquiree is generally the date on which the acquirer legally transfers the consideration, acquires the assets, and assumes the liabilities of the acquiree - the closing date. However, the acquirer should consider all pertinent facts and circumstances in identifying the acquisition date, including the possibility that control is achieved on a date that is either earlier or later than the closing date.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**4 Accounting estimates and judgements (continued)**

*Determination of acquisition date in a business combination (continued)*

During 2021, the Group entered into several new business combination transactions (note 37). Management has considered all legal aspects of the sale and purchase agreements and the pertinent facts and circumstances around each transaction in order to determine the acquisition dates of these transactions in accordance to IFRS 3.

For convenience, management has consolidated the acquirees as of the beginning of the month in which the acquisition date was determined and assessed that this assumption had no material impact on the consolidated financial statements.

*Fair value measurement of contingent considerations*

Contingent considerations from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent liabilities meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on detailed assessment of performance targets. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

As part of the accounting for the acquisitions of Al Faysal Bakery and Sweets Company WLL, Baklawah Made Better Investments and Mediterranean Confectionery Company Limited, contingent considerations with an estimated fair value of AED 123,696 thousand were recognised at the acquisition date and remeasured as at the reporting date (refer note 37). Future developments may require further revisions to the estimate.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**5 Right-of-use assets**

	<b>Land and buildings AED'000</b>	<b>Plant and equipment AED'000</b>	<b>Motor vehicles AED'000</b>	<b>Total AED'000</b>
<b>Cost</b>				
At 1 January 2020	44,392	-	50,868	95,260
Additions	6,101	-	21,053	27,154
Terminations	(3,580)	-	(304)	(3,884)
Reclassifications	(2,784)	-	2,784	-
Exchange differences	(26)	-	(2)	(28)
<b>At 31 December 2020</b>	<b>44,103</b>	<b>-</b>	<b>74,399</b>	<b>118,502</b>
Additions	7,838	-	15,803	23,641
Acquired through business combinations (note 37)	35,801	11,269	4,320	51,390
Terminations	(4,120)	-	-	(4,120)
Exchange differences	23	-	(4)	19
<b>At 31 December 2021</b>	<b>83,645</b>	<b>11,269</b>	<b>94,518</b>	<b>189,432</b>
<b>Accumulated amortisation</b>				
At 1 January 2020	7,437	-	12,285	19,722
Charge for the year	9,576	-	16,210	25,786
Terminations	(38)	-	(70)	(108)
Exchange differences	8	-	7	15
<b>At 31 December 2020</b>	<b>16,983</b>	<b>-</b>	<b>28,432</b>	<b>45,415</b>
Charge for the year	16,200	673	18,658	35,531
Terminations	(1,282)	-	-	(1,282)
Exchange differences	199	61	64	324
<b>At 31 December 2021</b>	<b>32,100</b>	<b>734</b>	<b>47,154</b>	<b>79,988</b>
<b>Carrying amount</b>				
<b>At 31 December 2021</b>	<b>51,545</b>	<b>10,535</b>	<b>47,364</b>	<b>109,444</b>
At 31 December 2020	27,120	-	45,967	73,087

The amortization charge for the year is mainly allocated to the cost of sales and selling and distribution expenses amounting to AED 9.2 million (2020: AED 4 million) and AED 26 million (2020: AED 21.5 million) respectively.



Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)

6 Property, plant and equipment (continued)

	Land and buildings AED'000	Plant and equipment AED'000	Furniture and fixtures AED'000	Motor vehicles AED'000	Capital work in progress AED'000	Total AED'000
<b>Accumulated depreciation and impairment</b>						
At 1 January 2020	279,849	662,492	34,560	53,396	-	1,030,297
Charge for the year	20,266	76,621	4,598	6,514	-	107,999
Disposals	(2,781)	(34,239)	(596)	(2,799)	-	(40,415)
Reclassifications	-	(5,826)	5,826	-	-	-
Impairment loss	-	7,970	-	-	-	7,970
Exchange differences	(152)	(1,227)	(80)	(72)	-	(1,531)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	297,182	705,791	44,308	57,039	-	1,104,320
Charge for the year	46,089	90,034	8,113	7,694	-	151,930
Disposals	(3,431)	(29,194)	(58)	(6,321)	-	(39,004)
Exchange differences	(433)	(2,969)	(194)	(133)	-	(3,729)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>339,407</b>	<b>763,662</b>	<b>52,169</b>	<b>58,279</b>	<b>-</b>	<b>1,213,517</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Carrying amount</b>						
<b>At 31 December 2021</b>	<b>695,925</b>	<b>620,002</b>	<b>29,633</b>	<b>23,035</b>	<b>131,841</b>	<b>1,500,436</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2020	490,255	491,825	21,424	14,852	31,634	1,049,990
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital work in progress represents the buildings, plant and equipment under construction across the Group companies.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**6 Property, plant and equipment (continued)**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Acquisition of property, plant and equipment	<b>134,204</b>	73,932
Decrease in advances for property, plant and equipment	-	(2,849)
	<hr/>	<hr/>
Acquisition of property, plant and equipment in the consolidated statement of cash flows	<b>134,204</b>	71,083
	<hr/> <hr/>	<hr/> <hr/>

Property, plant and equipment depreciation expenses during the year is charged to the consolidated statement of profit or loss as set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Cost of sales (note 24)	<b>129,284</b>	92,319
Selling and distribution expenses (note 25)	<b>10,964</b>	9,297
General and administrative expenses (note 26)	<b>11,493</b>	6,155
Research and development costs (note 27)	<b>189</b>	228
	<hr/>	<hr/>
	<b>151,930</b>	107,999
	<hr/> <hr/>	<hr/> <hr/>

**7 Investment in an associate and a joint venture**

	<b>2021</b> <b>AED'000</b>
Opening balance	-
Investment in a joint venture	<b>5,167</b>
Investment in an associate	<b>19,084</b>
	<hr/>
Closing balance	<b>24,251</b>
	<hr/> <hr/>

Investment in a joint venture

Investment in joint venture represents 50% ownership interest in Palmera for Dates Cultivation and Trading LLC (incorporated in Jordan) acquired in 2021 through the acquisition of Al Foah Company LLC (note 37). The joint venture is accounted for using the equity method in these consolidated financial statements.

The principal activity of the joint venture is agricultural land reclamation, cultivation and production of all types of agricultural products, packing and wrapping vegetables and fruits, agricultural crops development, owning and setting up date farms and trading in their products.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**7 Investment in an associate and a joint venture (continued)**

Investment in a joint venture (continued)

Movement in investment in joint venture during the year is set out below:

	<b>2021 AED'000</b>
Opening balance	-
Acquired through a business combination	<b>8,067</b>
Share of loss of a joint venture	<b>(2,900)</b>
	<hr/>
Closing balance	<b>5,167</b>
	<hr/> <hr/>

Summary of the latest available financial information on investment in a joint venture is set out below:

	<b>2021 AED'000</b>
Total assets	<b>22,243</b>
Total liabilities	<b>(16,443)</b>
	<hr/>
Net assets	<b>5,800</b>
	<hr/>
Loss for the year	<b>(5,800)</b>
	<hr/>
Share of loss of a joint venture	<b>(2,900)</b>
	<hr/> <hr/>

Investment in an associate

Investment in an associate represents 31% ownership interest in Kottouf & Hala Trading Co. a limited liability company registered in the Kingdom of Saudi Arabia. The Group acquired the associate in 2021 through the acquisition of BMB Group (note 37). The associate is accounted for using the equity method in these consolidated financial statements. The principal activity of the associate is trading in foodstuff and snacking products.

Movement in provisional investment in an associate during the year is set out below:

	<b>2021 AED'000</b>
Acquired through business combination (Provisional) (note 37)	<b>19,084</b>
	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**7 Investment in an associate and a joint venture (continued)**

Investment in an associate (continued)

Summary of the latest available financial information on investment in an associate is set out below:

	<b>2021 AED'000</b>
Total assets	<b>76,147</b>
Total liabilities	<b>(29,691)</b>
	<hr/>
Net assets	<b>46,456</b>
	<hr/>
Profit for the year	<b>26,704</b>
	<hr/> <hr/>

**8 Goodwill**

	<b>2021 AED'000</b>	2020 AED'000
Opening balance	<b>275,933</b>	275,933
Acquired through business combinations (note 37)	<b>1,370,099</b>	-
	<hr/>	<hr/>
Closing balance	<b>1,646,032</b>	275,933
	<hr/> <hr/>	<hr/> <hr/>

For the purpose of impairment testing, goodwill is allocated to the Group's Cash Generating Units ("CGUs") where the goodwill is monitored for internal management purposes. The aggregate carrying amount of goodwill allocated to each unit is as set out below:

	<b>2021 AED'000</b>	2020 AED'000
	<b>Country</b>	
Agri business division	<b>UAE</b>	61,855
Consumer business division (Al Ain Water)	<b>UAE</b>	31,131
Consumer business division (Agthia Turkey)	<b>Turkey</b>	2,486
Consumer business division (Al Bayan)	<b>UAE</b>	92,864
Consumer business division (Delta)	<b>KSA</b>	87,597
Consumer business division (Foah)	<b>UAE</b>	102,465
Consumer business division (Al Faysal)	<b>Kuwait</b>	97,160
Consumer business division (Al Nabil)	<b>Jordan</b>	264,092
Consumer business division (Atyab)	<b>Egypt</b>	425,401
Consumer business division (BMB) (Provisional)	<b>UAE</b>	480,981
	<hr/>	<hr/>
	<b>1,646,032</b>	275,933
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**8 Goodwill (continued)**

The recoverable amounts of Agri Business Division and Consumer Business Divisions CGUs were based on their values in use determined by management. The carrying amounts of these units were determined to be lower than their recoverable amounts.

Values in use were determined by discounting the future cash flows generated from the continuing use of the units. Cash flows were projected based on past experience and the five-year business plan approved by the management. CGUs related to the Group's recent acquisitions of Consumer business division (Atyab) and Consumer business division (BMB) (Provisional) assumed to be similar to their carrying amounts stated as at 31 December 2021 due to their recent acquisitions and valuations.

Key assumptions used for the Group's CGUs impairment testing are set out below:

Anticipated annual revenue growth (%)

	2021	2020
Agri business division	1% - 2.1%	1%
Consumer business division (Al Ain Water)	2.7% - 3.8%	0.3% - 3.4%
Consumer business division (Agthia Turkey)	5% - 6%	2% - 14%
Consumer business division (Al Bayan)	1.5% - 9.5%	6% - 7.4%
Consumer business division (Delta)	4% - 6%	4% - 5%
Consumer business division (Foah)	3.8% - 5%	-
Consumer business division (Al Faysal)	0% - 3.3%	-
Consumer business division (Al Nabil)	12.2% - 18.6%	-
	_____	_____

Discount rate (%)

	2021	2020
Agri business division	9.1%	9.1%
Consumer business division (Al Ain Water)	8.4%	8.2%
Consumer business division (Agthia Turkey)	13%	11.5%
Consumer business division (Al Bayan)	8.4%	8.2%
Consumer business division (Delta)	8.5%	7.5%
Consumer business division (Foah)	9.6%	-
Consumer business division (Al Faysal)	8.1%	-
Consumer business division (Al Nabil)	9.6%	-
	_____	_____

The values assigned to the key assumptions represent the management's assessment of future trends in the food and beverage industry and are based on both external and internal sources.

*Sensitivity analysis*

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill is allocated. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of the CGU including goodwill to materially exceed its recoverable amount.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**9 Intangible assets**

	<b>Brand names AED'000</b>	<b>Licenses AED'000</b>	<b>Customer relationships /contracts AED'000</b>	<b>Spring water rights AED'000</b>	<b>Others AED'000</b>	<b>Total AED'000</b>
At 1 January 2020	52,135	26,521	-	3,934	318	82,908
Amortisation	(2,442)	-	-	-	(17)	(2,459)
Exchange differences	(89)	-	-	(796)	(54)	(939)
<b>At 31 December 2020</b>	<b>49,604</b>	<b>26,521</b>	<b>-</b>	<b>3,138</b>	<b>247</b>	<b>79,510</b>
Acquired through business combinations (note 37)	282,011	24,563	58,068	-	9,000	373,642
Amortisation	(8,530)	-	(4,130)	-	(12)	(12,672)
Exchange differences	149	-	-	(1,431)	(88)	(1,370)
<b>At 31 December 2021</b>	<b>323,234</b>	<b>51,084</b>	<b>53,938</b>	<b>1,707</b>	<b>9,147</b>	<b>439,110</b>

Spring water rights is considered to have an indefinite life as per agreement terms, while licenses have been acquired with the option to renew at the end of the period at little or no cost allowing the Group to determine that these licenses have indefinite useful life. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. Accordingly, spring water rights and licenses are not amortised.

For the purpose of impairment testing, values in use were determined by discounting the future cash flows generated from the continuing use of these units. Cash flows were projected based on experience to build a five-year business plan for spring water rights and license using the following key assumptions:

Anticipated annual revenue growth (%)

	<b>2021</b>	<b>2020</b>
Spring water rights	<b>5% - 6%</b>	2% - 14%
License (Al Rammah)	<b>4% - 14%</b>	7% - 17%
License (Al Faysal)	<b>0% - 3.3%</b>	-

Discount rates (%)

	<b>2021</b>	<b>2020</b>
Spring water rights	<b>13%</b>	11.5%
License (Al Rammah)	<b>9.3%</b>	8.1%
License (Al Faysal)	<b>8.1%</b>	-

The values assigned to the key assumptions represent management's assessment of future trends in the food and beverage industry and are based on both external and internal sources.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**10 Inventories**

	2021 AED'000	2020 AED'000
Raw and packing materials	468,118	201,427
Work in progress	25,793	3,412
Finished goods	152,138	94,597
Spare parts and consumable materials	97,753	74,307
Goods in transit	5,960	4,359
	<hr/>	<hr/>
Provision for slow moving inventory	749,762 (41,521)	378,102 (32,088)
	<hr/>	<hr/>
	<b>708,241</b>	<b>346,014</b>
	<hr/> <hr/>	<hr/> <hr/>

Movement in the provision for slow moving inventory during the year is set out below:

	2021 AED'000	2020 AED'000
Opening balance	32,088	23,898
Acquired through business combinations (note 37)	11,354	-
Charge for the year	17,992	23,091
Written off	(19,913)	(14,901)
	<hr/>	<hr/>
Closing balance	41,521	32,088
	<hr/> <hr/>	<hr/> <hr/>

**11 Trade and other receivables**

	2021 AED'000	2020 AED'000
Trade receivables	826,183	550,638
Allowance for impairment losses	(141,850)	(116,345)
	<hr/>	<hr/>
Other receivables	684,333	434,293
Prepayments and advances	56,561	61,349
	72,150	32,127
	<hr/>	<hr/>
	<b>813,044</b>	<b>527,769</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**11 Trade and other receivables (continued)**

Movement in the allowance for impairment losses of trade receivables during the year is set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Opening balance	<b>116,345</b>	55,865
Acquired through business combinations	<b>27,776</b>	-
Charge for the year	<b>12,674</b>	62,066
Written off	<b>(14,945)</b>	(1,586)
	<hr/>	<hr/>
Closing balance	<b>141,850</b>	116,345
	<hr/> <hr/>	<hr/> <hr/>

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss pattern for different customer channels, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Ageing analysis of gross receivables and ECL is set out below:

**As at 31 December 2021:**

	<b>Gross receivables AED'000</b>	<b>ECL %</b>	<b>ECL provision AED'000</b>
Not due	<b>440,687</b>	<b>6.6%</b>	<b>28,880</b>
0 – 90 Days	<b>108,961</b>	<b>11.2%</b>	<b>12,213</b>
91 – 180 Days	<b>17,163</b>	<b>33.4%</b>	<b>5,735</b>
181 – 270 Days	<b>14,694</b>	<b>17.3%</b>	<b>2,537</b>
271 – 360 Days	<b>32,261</b>	<b>31.4%</b>	<b>10,116</b>
361 Days and above	<b>212,417</b>	<b>38.8%</b>	<b>82,369</b>
	<hr/>	<hr/>	<hr/>
	<b>826,183</b>	<b>17.2%</b>	<b>141,850</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**As at 31 December 2020:**

	<b>Gross receivables AED'000</b>	<b>ECL %</b>	<b>ECL provision AED'000</b>
Not due	191,068	5.4%	10,270
0 – 90 Days	85,805	9.2%	7,888
91 – 180 Days	24,802	15.3%	3,788
181 – 270 Days	38,779	12.8%	4,981
271 – 360 Days	21,080	25.5%	5,369
361 Days and above	189,104	44.5%	84,049
	<hr/>	<hr/>	<hr/>
	550,638	21.1%	116,345
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**11 Trade and other receivables (continued)**

The Group recognises lifetime expected credit losses (ECL) for trade receivables using the simplified approach. To determine the expected credit losses all debtors were classified into five categories and ECL rate for each category was determined using a provision matrix:

- Category I – Government
- Category II – Municipalities
- Category III – Reprocessing / food service
- Category IV – Retail / distributors
- Category V – Others

These were adjusted for factors that are specific to the debtors and general economic conditions and an assessment of both the current as well as the forecast direction of the conditions at the reporting date, including time value of money, where appropriate.

**12 Government compensation receivable**

Government compensation receivables pertains to subsidy funds that compensate the Group for selling flour and animal feed in the Emirate of Abu Dhabi.

The movement in the government compensation receivable during the year is set out below:

	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
Opening balance	<b>12,451</b>	27,782
Compensation claimed during the year	<b>150,708</b>	120,440
Compensation received	<b>(152,876)</b>	(135,771)
	<hr/>	<hr/>
Closing balance	<b>10,283</b>	12,451
	<hr/> <hr/>	<hr/> <hr/>

**13 Balances and transactions with related parties**

The Group, in the ordinary course of business, entered into a variety of transactions at agreed terms and conditions, with companies, entities or individuals that fall within the definition of a related party as defined in IAS 24 Related Party Disclosures.

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.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

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

**a) Key management personnel compensation**

Key management personnel compensation for the year is set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Short term benefits	<b>21,575</b>	20,244
Long term benefits	<b>3,983</b>	4,083
	<b>25,558</b>	24,327

**b) Amounts due to a related party**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Al Foah Company LLC – 2021: Subsidiary (2020: affiliated company)- refer to note 37	-	4,895

**c) Amounts due from related parties**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Dubai Cable Company (Private) Limited - affiliated company	<b>138</b>	172
Emirates Iron & Steel Company LLC – affiliated company	<b>288</b>	165
General Holding Corporation PJSC (SENAAT) – parent company	-	71
Kottouf & Hala Trading Co. – associate company	<b>14,352</b>	-
	<b>14,778</b>	408

**d) Transactions with related parties**

Transactions with related parties during the year were as follows:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Sales	<b>611</b>	27,371
Purchases	-	5,694
Expenses recharged	<b>211</b>	(15)

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**14 Cash and bank balances**

	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
Cash on hand	<b>5,168</b>	2,992
Current and savings accounts	<b>248,032</b>	177,475
	<hr/>	<hr/>
Cash and bank balances	<b>253,200</b>	180,467
	<hr/>	<hr/>
Restricted cash	<b>(24,969)</b>	(24,996)
Bank overdrafts (note 16)	<b>(368)</b>	-
	<hr/>	<hr/>
<b>Cash and cash equivalents in the consolidated statement of cash flows</b>	<b>227,863</b>	155,471
	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	<b>253,200</b>	180,467
Fixed deposits	<b>870,057</b>	595,042
	<hr/>	<hr/>
<b>Cash and bank balances in the consolidated statement of financial position</b>	<b>1,123,257</b>	775,509
	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits are for a period not more than one year and not less than three months (2020: not more than one year and not less than three months). Interest is earned on these deposits at prevailing market rates, the carrying amounts of these assets approximate to their fair value.

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. Equivalent amount has been recorded as liability in trade and other payables. Restricted cash balance has not been included in the cash and cash equivalents for the purpose of 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 consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**15 Provision for employees' end of service benefits**

	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
<b>Amounts recognised in the consolidated statement of financial position</b>		
Opening balance	<b>81,225</b>	80,458
Service cost (including interest costs)	<b>13,837</b>	12,633
Acquired through business combinations (note 37)	<b>46,613</b>	-
Benefit payments	<b>(16,291)</b>	(12,017)
Reclassification	<b>(2,393)</b>	-
Exchange differences	<b>(56)</b>	(30)
Loss on remeasurement	<b>882</b>	181
	<hr/>	<hr/>
Closing balance	<b>123,817</b>	81,225
	<hr/> <hr/>	<hr/> <hr/>
<b>Amounts recognised in the consolidated statement of profit or loss</b>		
Current service cost	<b>12,327</b>	10,223
Loss on settlements	<b>-</b>	183
Interest cost	<b>1,510</b>	2,227
	<hr/>	<hr/>
	<b>13,837</b>	12,633
	<hr/> <hr/>	<hr/> <hr/>
	<b>2021</b>	2020
	<b>AED'000</b>	AED'000
<b>Amounts recognised in consolidated statement of other comprehensive income</b>		
Effect of changes in demographic assumptions	<b>1,672</b>	(872)
Effect of changes in financial assumptions	<b>(3,085)</b>	5,157
Effect of experience adjustments	<b>2,295</b>	(4,104)
	<hr/>	<hr/>
	<b>882</b>	181
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**15 Provision for employees' end of service benefits (continued)**

**Significant actuarial assumptions**

<u>Discount rate</u>	3%	2%
Rate of salary increase	<b>3% for all entities except for Kuwait 5% per annum</b>	3% for all entities per annum

**Sensitivity analysis**

<u>Discount rate</u>		
- 50 basis points	<b>6,131</b>	4,200
+ 50 basis points	<b>5,747</b>	(3,920)
<u>Salary increase rate</u>		
- 50 basis points	<b>5,764</b>	3,935
+ 50 basis points	<b>6,111</b>	(4,182)

The Group expects total benefit payments of AED 16,466 thousand in 2022 (2020: AED 10,637 thousand in 2021).

**16 Bank borrowings**

Contractual terms of the Group's interest-bearing loans and borrowings is set out below:

	2021 AED'000	2020 AED'000
<b>Current liabilities:</b>		
Credit facilities	<b>406,173</b>	286,587
Bank overdrafts	<b>368</b>	-
Term loans	<b>15,683</b>	11,971
	<hr/>	<hr/>
	<b>422,224</b>	298,558
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Term loans	<b>1,636,953</b>	237,488
	<hr/>	<hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**16 Bank borrowings (continued)**

Terms and repayment schedule

(Amounts in AED' 000)

	Notes	Interest Rate	Year of maturity	2021		2020	
				Face value /limit	Carrying amount	Face value /limit	Carrying amount
Short term loans / bank overdrafts		Margin + Reference rate*	2022	389,534	62,088	197,770	55,936
Credit facilities		Margin + Reference rate*	2022	900,189	344,453	867,250	230,651
Term loan 1	(a)	LIBOR + margin*	2026	550,950	550,950	-	-
Term loan 2	(a)	LIBOR+ margin*	2026	550,950	550,950	-	-
Term loan 3	(a)	EIBOR+ margin*	2026	150,000	150,000	-	-
Term loan 4	(a)	LIBOR+ margin*	2026	150,593	150,593	-	-
Term loan 5	(b)	LIBOR+ margin*	2025	9,894	9,894	-	-
Term loan 6	(c)	LIBOR+ margin*	2025	183,670	183,670	183,670	183,670
Term loan 7	(d)	KIBOR + margin*	2026	19,666	19,666	21,729	21,729
Term loan 8	(e)	SAIBOR + margin*	2025	34,237	34,237	44,060	44,060
Other term loans		EIBOR + margin *	2023 / 2024	3,824	2,676	-	-
<b>Total</b>				<b>2,943,507</b>	<b>2,059,177</b>	1,314,479	536,046

\* Reference rates includes LIBOR, SAIBOR, EIBOR, KIBOR, mid corridor and Jordan PLR. Margin on the above loans and facilities varies from 0.4 % - 1.05 % (2020: 0.40 % - 0.95%) for UAE and 0.5 % - 2.85 % (2020: 0.50 % - 2.85%) for overseas..

(a) During the year, the Group availed four long-term loans of AED 1,402,493 thousand for a tenure of five years repayable in 2026. All loans payment term is a bullet repayment of principal amounts at maturity. Loans are secured against corporate guarantee.

(b) Upon the acquisition of Al Nabil Food Industries LLC (note 37), the Group has consolidated a liability of bank loan in Jordanian Dinar and US Dollar equivalent to AED 9,894 thousand as of 31 December 2021. The bank carry an interest rate ranging from 3% to 6.5% and are repayable over a period ranging from 48 to 60 months. Loans are guaranteed by a warehouse's land and building. The Group has settled the full balance in the subsequent period and currently in the process of replacing the existing pledge with a corporate guarantee to align with the Group's other borrowing arrangements.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**16 Bank borrowings (continued)**

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

(d) In 2020, one of the Group's subsidiaries, availed a loan of KWD 1,800 thousand (2020: KWD 1,800 thousand) for a tenure of six years repayable in 2026 and secured by bank guarantee of 50% from the Group and the remaining 50% from the JV partner.

(e) In 2020, one of the Group's subsidiaries, availed a long term facility of SAR 50,000 thousand (2020: SAR 50,000 thousand) for a tenure of five years till 2025 to be repaid one semi-annual instalments. The facility is secured by corporate guarantee of 100% from the Group.

Upon the acquisition of BMB (note 37), the Group has assumed a liability of bank loans equivalent in aggregate to AED 3,097 thousand as of 31 December 2021 covering different facility lines. The bank loans carry an interest rate similar to applicable market rates. Loans are guaranteed by a mix of personal guarantees from previous owners and two promissory notes of AED 12.5 million and AED 10 million respectively and the assignment of receivables and stocks. The Group in the process of settling the full balance in the subsequent period and substitute with a facility lines aligned with the Group's other borrowing arrangements.

**17 Lease liabilities**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Opening balance	72,233	74,030
Acquired through business combinations (note 37)	50,363	-
Lease liabilities for the year	20,803	23,378
Payments made during the year	(39,968)	(28,313)
Interest cost	3,768	3,138
	<u>107,199</u>	<u>72,233</u>

Lease liabilities as at 31 December 2021 is set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Current	33,092	18,979
Non-current	74,107	53,254
	<u>107,199</u>	<u>72,233</u>

The Group does not have a significant liquidity risk regarding its lease liabilities and does not have any significant variable component in lease payments.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**17 Lease liabilities (continued)**

Maturity analysis for the Group lease liabilities is set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Not later than 1 year	<b>33,092</b>	18,979
Later than 1 year and not later than 5 years	<b>57,014</b>	41,846
Later than 5 years	<b>17,093</b>	11,408
	<hr/> <b>107,199</b> <hr/>	<hr/> 72,233 <hr/>

**18 Deferred government grant**

The Government of Abu Dhabi provides an annual budget for capital expenditure in accordance with an approved budget. The capital grants are recorded as deferred government grants in the consolidated statement of financial position and classified as current and non-current liabilities (note 37).

	<b>2021</b> <b>AED'000</b>
<i>Current portion</i>	
Unamortised government grants related to property, plant and Equipment	<b>11,245</b>
<i>Non-current portion</i>	
Unamortised government grants related to property, plant and Equipment	<b>28,940</b>
	<hr/> <b>40,185</b> <hr/>

**19 Trade and other payables**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Trade payables	<b>371,378</b>	150,031
Accrued expenses	<b>350,276</b>	222,231
Advances and deposits	<b>49,844</b>	12,621
Unclaimed dividends (2009-2014)	<b>25,651</b>	25,700
Other payables	<b>179,134</b>	107,518
	<hr/> <b>976,283</b> <hr/>	<hr/> 518,101 <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**20 Share capital**

Share capital includes issued and fully paid 791,577 thousand shares (31 December 2020: 600,000 thousand shares) at a par value of AED 1 each.

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Authorised share capital (Ordinary shares of AED 1 each)	<b>1,200,000</b>	1,200,000
Issued and fully paid share capital	<b>791,577</b>	600,000

During the year, the Company issued 191,577 thousand new shares with nominal value of AED 1 each as the acquisition price of Al Foah Company LLC and Al Nabil Food Industries LLC with an aggregate principal amount of AED 450,000 thousand (at a conversion price of AED 3.75 per share) and AED 393,674 thousand (at a conversion price of AED 5.5 per share) respectively (refer note 37), the Company's issued and fully paid share capital increased from 600,000 thousand shares to 791,577 thousand shares

During the year, the movement in share premium account is set out below:

	<b>31 December</b> <b>2021</b> <b>AED'000</b>
Opening balance	-
Issuance of share premium for the acquisition of Al Foah Company LLC (note 37)	330,000
Issuance of share premium for the acquisition of Al Nabil Food Industries LLC (note 37)	322,097
Closing balance	<b>652,097</b>

**21 Legal reserve**

In accordance with the UAE Federal Law No. 2 of 2015 (as amended) and the Company's Articles of Association, 10% of the profit for each year attributable to the owners of the Company is transferred to the legal reserve until this reserve equals 50% of the paid-up share capital. The legal reserve is restricted and not available for distribution.

**22 Dividend**

At the Annual General Meeting held on 8 April 2021, the shareholders approved cash dividends of AED 118,800 thousand for the year ended 31 December 2020 (at the Annual General Meeting held on 16 April 2020, the shareholders' approved cash dividends of AED 90,000 thousand for the year ended 31 December 2019) which represents 16.5% of the 720,000 thousand issued share capital at the time of dividend declaration (2019: 15% of the 600,000 thousand issued share capital at the time of dividend declaration).

At the General Assembly Meeting was held on 27 September 2021, the shareholders approved cash interim dividends of AED 65,305 thousand for the six-month period ended 30 June 2021 which represents 8.25% of the 791,577 thousand issued share capital at the time of dividend declaration. All dividends were paid were paid during the year in cash.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**23 Revenue**

Revenues for the year ended 31 December 2021 amounting to AED 3,067,614 thousand (year ended 31 December 2020: 2,061,216 thousand) includes revenues from newly acquired subsidiaries (note 37) amounting to AED 1,072,095 thousand (year ended 31 December 2020: Nil).

**24 Cost of sales**

	2021 AED'000	2020 AED'000
Raw materials	1,590,566	1,066,171
Salaries and benefits	213,342	142,108
Depreciation of property, plant and equipment	129,284	92,319
Utilities	68,395	42,192
Maintenance	38,253	29,813
Rent expenses	6,973	4,340
Amortisation of right-of-use assets	9,244	4,007
Transportation	14,434	11,181
Insurance	6,567	4,834
Others	33,879	23,651
	<hr/>	<hr/>
	<b>2,110,937</b>	<b>1,420,616</b>
	<hr/> <hr/>	<hr/> <hr/>

Cost of raw materials for flour and feed products is stated after the deduction of the Abu Dhabi Government compensation amounting to AED 150,708 thousand (2020: AED 120,440 thousand). The purpose of the compensation is to partially reduce the impact of increased and volatile global grain prices on food retail prices for the consumers in the Emirate of Abu Dhabi (note 12).

**25 Selling and distribution expenses**

	2021 AED'000	2020 AED'000
Salaries and benefits	239,452	202,654
Marketing expenses	54,135	39,490
Transportation	53,829	44,732
Amortisation of right-of-use assets	26,043	21,599
Depreciation of property, plant and equipment	10,964	9,297
Rent expense	8,447	3,554
Maintenance	8,072	6,800
Royalty fees	1,467	2,536
Utilities	5,533	5,511
Training and consulting	1,962	1,398
Others	39,137	19,443
	<hr/>	<hr/>
	<b>449,041</b>	<b>357,014</b>
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**26 General and administrative expenses**

	2021 AED'000	2020 AED'000
Salaries and benefits	155,099	101,503
Allowance for impairment loss of trade receivables	12,674	62,066
Maintenance	13,619	13,702
Legal and professional fees	35,795	18,483
Depreciation of property, plant and equipment	11,493	6,155
Rent expense	4,939	4,532
Amortisation of intangible assets	12,672	2,459
Amortisation of right-of-use assets	244	180
Others	24,462	25,060
	<u>270,997</u>	<u>234,140</u>

**27 Research and development costs**

	2021 AED'000	2020 AED'000
Salaries and benefits	8,796	6,301
Depreciation on property, plant and equipment	189	228
Others	613	918
	<u>9,598</u>	<u>7,447</u>

**28 Other income / (expense)**

	2021 AED'000	2020 AED'000
Income on sale of raw materials / scrap	2,712	2,225
Management fee	8,256	540
Income from filling / storage	960	-
Grant income from receiving centres	8,400	-
Gain on sale of property, plant and equipment	1,587	442
Impairment of property, plant and equipment	-	(7,970)
Others	6,270	(4,463)
	<u>28,185</u>	<u>(9,226)</u>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**29 Finance income**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Interest income	<b>16,731</b>	19,150
Others	-	2,434
	<hr/> <b>16,731</b> <hr/>	<hr/> 21,584 <hr/>

**30 Finance expense**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Interest expense on borrowings	<b>16,416</b>	12,596
Interest expense on lease liabilities (note 17)	<b>3,768</b>	3,138
Foreign exchange loss	<b>671</b>	1,619
	<hr/> <b>20,855</b> <hr/>	<hr/> 17,353 <hr/>

**31 Income tax and zakat expenses**

The Group's operation in Egypt, Turkey, Jordan and Oman are subject to corporate taxation. Provision is made for taxes at rates enacted or substantively enacted at the consolidated statement of financial position date on taxable profits of overseas subsidiaries in accordance with the fiscal regulations of the countries in which they operate.

Further, the Group's operation in the Kingdom of Saudi Arabia is subject to Zakat. Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia on accrual basis. The provision is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalisation.

**32 Basic and diluted earnings per share**

	<b>2021</b>	2020
Profit for the year attributable to the Owners of the Company (AED'000)	<b>216,039</b>	34,471
Weighted average number of ordinary shares in issue throughout the year ('000)	<b>754,964</b>	600,000
Basic and diluted earnings per share (AED)	<b>0.286</b>	0.057

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**32 Basic and diluted earnings per share (continued)**

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

As of 31 December 2021 and 2020, the Group has not issued any instruments that have an impact on diluted earnings per share when exercised and accordingly diluted earnings per share are the same as basic earnings per share.

The Company issued and fully paid share capital increase from 600,000 thousand shares to 791,577 thousand shares during the year with a nominal value of AED 1 each (note 20).

**33 Contingent liabilities and capital commitments**

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Bank guarantees	<b>39,660</b>	73,648
Letters of credit	<b>111,513</b>	129
Capital commitments	<b>44,971</b>	59,913

Bank 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.

**34 Partly-owned subsidiaries**

Financial information of subsidiaries that have material non-controlling interests is set out below:

Proportion of equity interest percentage held by non-controlling interests

	<b>Country of incorporation and operation</b>	<b>2021</b>	2020
Al Nabil Food Industries LLC	<b>Jordan</b>	<b>20%</b>	-
Ismailia Agricultural and Industrial Investment (Furat)	<b>Egypt</b>	<b>24.98%</b>	-
Ripplette Corp. and Mediterranean Confectionary Company Limited	<b>UAE / KSA</b>	<b>20%</b>	-
Al Rammah National for General Trading and Contracting Company WLL	<b>Kuwait</b>	<b>50%</b>	50%

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**34 Partly-owned subsidiaries (continued)**

Accumulated balances of individual non-controlling interests as at the reporting date

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Al Nabil Food Industries LLC	<b>69,372</b>	-
Ismailia Agricultural and Industrial Investment (Furat)	<b>56,487</b>	-
Ripplette Corp. and Mediterranean Confectionary Company Limited (provisional)	<b>40,854</b>	-
Al Rammah National for General Trading and Contracting Company WLL	<b>31,913</b>	29,662
	<hr/> <b>198,626</b> <hr/>	<hr/> 29,662 <hr/>

Profit for the year allocated to individual non-controlling interests are set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Al Nabil Food Industries LLC	<b>5,493</b>	-
Ismailia Agricultural and Industrial Investment (Furat)	<b>7,455</b>	-
Al Rammah National for General Trading and Contracting Company WLL	<b>2,218</b>	1,050
	<hr/> <b>15,166</b> <hr/>	<hr/> 1,050 <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**35 Financial instruments**

*Credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date is set out below:

	Notes	2021 AED'000	2020 AED'000
Trade receivables, net	11	684,333	434,293
Other receivables	11	56,561	61,349
Due from related parties	13	14,778	408
Government compensation receivable	12	10,283	12,451
Cash at banks	14	1,118,089	772,517
		<u>1,884,044</u>	<u>1,281,018</u>

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated statement of financial position are net of allowances for doubtful receivables as calculated using Expected Credit Loss approach based on lifetime expected credit losses using the Group's management prior experience and the current economic environment adjusted for forward looking factors. The Group has no significant concentration of credit risk, with overall exposure being spread over a large number of customers.

*Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses.

The Group ensures that it has sufficient cash on demand to meet expected operational and capital expenditures in accordance with the Group's working capital requirements, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Contractual maturities of the Group's financial liabilities as at the reporting date are set out below:

**As at 31 December 2021:**

Amounts in AED'000	Carrying value	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	976,283	976,283	976,283	-	-	-
Bank borrowings	2,059,177	2,203,401	453,762	47,121	1,702,518	-
Lease liabilities	107,199	119,355	36,058	41,037	26,150	16,110
	<u>3,142,659</u>	<u>3,299,039</u>	<u>1,466,103</u>	<u>88,158</u>	<u>1,728,668</u>	<u>16,110</u>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**35 Financial instruments (continued)**

*Liquidity risk (continued)*

As at 31 December 2020:

Amounts in AED'000	Carrying value	Contractual cash flows	Up to 1 year	1-2 years	2-5 years	More than 5 years
Trade and other payables	518,101	518,101	518,101	-	-	-
Due to a related party	4,895	4,895	4,895	-	-	-
Bank borrowings	536,046	564,026	310,918	17,181	231,483	4,444
Lease liabilities	72,233	80,822	22,066	22,933	23,472	12,351
	<u>1,131,275</u>	<u>1,167,844</u>	<u>855,980</u>	<u>40,114</u>	<u>254,955</u>	<u>16,795</u>

*Market risk*

*Foreign currency risk*

Currency risk is the risk that the value of the Group financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in currency that's not the Group's currency. The Group exposure to foreign currency risk is primarily limited to transactions in Turkish Lira ("TRY"), Kuwaiti Dinar ("KWD"), Egyptian Pounds ("EGP"), Euro ("EUR"), United State Dollars ("USD"), Omani Riyals ("OMR"), Jordanian Dinars ("JOD") and Saudi Riyals ("SAR").

Management anticipates that the Group's exposure to currency risk is limited as the Group's currency, Jordanian Dinars ("JOD") and Saudi Riyals ("SAR") are pegged to USD. The fluctuation in exchange rates against TRY, KWD, EGP, Euro, and OMR are monitored on a continuous basis and the Group uses forward currency contracts to eliminate significant currency exposures if required.

A strengthening or weakening of these currencies by 0.5% against all other currencies would not have a material effect to the measurement of the Group's financial instruments denominated in foreign currency and would not have a material effect on the Group's consolidated equity and its consolidated profit and loss.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing obligations with floating interest rates.

As at the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is set out below:

	2021 AED'000	2020 AED'000
<b>Fixed rate instruments</b>		
Financial assets	<u>870,057</u>	<u>595,042</u>
<b>Variable rate instruments</b>		
Financial liabilities	<u>2,059,177</u>	<u>536,046</u>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****35 Financial instruments***Market risk (continued)**Interest rate risk (continued)*

The fair value of the Group's financial instruments is not materially different from their carrying amount.

As at 31 December 2021, if interest rates on interest bearing borrowings had been 0.5% higher / lower with all other variables held constant, consolidated profit for the year would have been AED 7,568 thousand (2020: AED 2,285 thousand) lower / higher, mainly as a result of higher / lower interest expense.

*Capital management*

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital. In maintaining an appropriate capital structure and providing returns for shareholders in 2021, the Group provided returns to shareholders in the form of cash dividends for the year 2020 results, current details of which are included in the consolidated statement of changes in equity.

*Fair value hierarchy*

The Group measures financial instruments such as contingent considerations at fair value at each consolidated statement of financial position date and classified as level 3.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly 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 the 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:** quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as priced) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, there were no transfers between fair value levels.

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 consolidated statement of financial position.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)****36 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")**

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.
- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.
- Snacks segment includes manufacturing, packaging, distribution of dates, sweets, baklava and bakery 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 consolidated financial statements  
for the year ended 31 December 2021 (continued)

## 36 Segmental analysis (continued)

	Agri Business Division (“ABD”)		Consumer Business Division (“CBD”)								Total	
	2021 AED’000	2020 AED’000	Water and Food		Protein and FV		Snacks		Total CBD		2021 AED’000	2020 AED’000
			2021 AED’000	2020 AED’000	2021 AED’000	2020 AED’000	2021 AED’000	2020 AED’000	2021 AED’000	2020 AED’000	2021 AED’000	2020 AED’000
Revenues	<b>955,981</b>	964,875	<b>981,995</b>	1,021,404	<b>671,765</b>	142,519	<b>544,903</b>	14,681	<b>2,198,663</b>	1,178,604	<b>3,154,644</b>	2,143,479
Intra-group	<b>(24,646)</b>	(29,588)	<b>(41,364)</b>	(33,097)	<b>(16,226)</b>	(19,578)	<b>(4,794)</b>	-	<b>(62,384)</b>	(52,675)	<b>(87,030)</b>	(82,263)
External revenues	<b>931,335</b>	935,287	<b>940,631</b>	988,307	<b>655,539</b>	122,941	<b>540,109</b>	14,681	<b>2,136,279</b>	1,125,929	<b>3,067,614</b>	2,061,216
Gross profit / (loss)	<b>234,622</b>	231,192	<b>376,140</b>	397,492	<b>177,528</b>	23,664	<b>178,692</b>	(1,097)	<b>732,360</b>	420,059	<b>966,982</b>	651,251
Reportable segment profit / (loss)	<b>145,045</b>	131,341	<b>40,942</b>	(14,592)	<b>51,124</b>	8,621	<b>90,049</b>	(3,019)	<b>182,115</b>	(8,990)	<b>327,160</b>	122,351
<i>Material non-cash item</i>												
Impairment loss on trade receivables	<b>3,517</b>	10,365	<b>8,276</b>	51,701	<b>881</b>	-	-	-	<b>9,157</b>	51,701	<b>12,674</b>	62,066

Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)

36 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	31 December 2021 AED'000	31 December 2020 AED'000	31 December 2021 AED'000	31 December 2020 AED'000	31 December 2021 AED'000	31 December 2020 AED'000
<i>Others:</i>						
Segment assets	606,456	526,521	2,786,099	1,506,557	3,392,555	2,033,078
Segment liabilities	221,156	184,334	1,053,757	505,710	1,274,913	690,044
Capital expenditure	8,283	15,127	125,553	51,238	133,836	66,365

Reconciliations of reportable segments' gross profit / (loss), finance income and expense, depreciation, and capital expenditure are set out below:

	2021			2020		
	Reportable segment totals AED'000	Unallocated AED'000	Consolidated totals AED'000	Reportable segment totals AED'000	Unallocated AED'000	Consolidated totals AED'000
Gross profit / (loss)	966,982	(10,305)	956,677	651,251	(10,651)	640,600
Finance income	2,434	14,297	16,731	1,303	20,281	21,584
Finance expense	(9,239)	(11,616)	(20,855)	(7,895)	(9,458)	(17,353)
Depreciation of property, plant and equipment	147,986	3,944	151,930	103,990	4,009	107,999
Capital expenditure	133,836	368	134,204	66,365	7,567	73,932

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**36 Segmental analysis (continued)**

Reconciliation of reportable segments' profit or loss for the year is set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
Total profit for reportable segments	<b>327,160</b>	122,351
<i>Unallocated amounts</i>		
Other operating expenses	<b>(97,788)</b>	(97,262)
Net finance income, net	<b>1,833</b>	10,432
	<hr/>	<hr/>
Profit for the year	<b>231,205</b>	35,521
Non-controlling interests	<b>(15,166)</b>	(1,050)
	<hr/>	<hr/>
<b>Profit for the year attributable to the owners of the Company</b>	<b>216,039</b>	34,471
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of reportable segments' assets and liabilities are set out below:

	<b>2021</b> <b>AED'000</b>	2020 AED'000
<b>Segment Assets</b>		
Agri Business Division	<b>606,456</b>	526,521
Consumer Business Division	<b>2,786,099</b>	1,506,557
	<hr/>	<hr/>
Total assets for reportable segments	<b>3,392,555</b>	2,033,078
Other unallocated amounts	<b>2,996,321</b>	1,107,593
	<hr/>	<hr/>
<b>Total assets</b>	<b>6,388,876</b>	3,140,671
	<hr/> <hr/>	<hr/> <hr/>
<b>Segment Liabilities</b>		
Agri Business Division	<b>221,156</b>	184,334
Consumer Business Division	<b>1,053,757</b>	505,710
	<hr/>	<hr/>
Total liabilities for reportable segments	<b>1,274,913</b>	690,044
Other unallocated amounts	<b>2,155,444</b>	522,456
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>3,430,357</b>	1,212,500
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**37 Business combination**

**a) Al Foah Company LLC acquisition**

On 5 January 2021, the Company acquired 100% of the shares of Al Foah Company LLC (“Al Foah”), a limited liability company based in United Arab Emirates that specialises in sourcing, processing and trading of dates and date related products. The Group has acquired Al Foah to diversify its portfolio mix and to expand within new markets. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the amounts of Al Foah for the period from the acquisition date. Fair values of the identifiable assets and liabilities of Al Foah as at the date of acquisition are set out below:

	<b>Fair value on acquisition AED’000</b>
<b>Assets</b>	
Property, plant and equipment	181,259
Brand names	12,400
Customer contracts	6,000
Inventories	118,969
Trade and other receivables	147,225
Cash and bank balances	46,494
Due from related parties	144,767
Other assets	10,228
	<hr/>
<b>Total assets</b>	<b>667,342</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Employees’ end of service benefits	(34,043)
Deferred government grants	(41,267)
Trade and other payables	(242,229)
Other liabilities	(2,268)
	<hr/>
<b>Total liabilities</b>	<b>(319,807)</b>
	<hr/> <hr/>
<b>Total identifiable net assets at fair value</b>	<b>347,535</b>
	<hr/> <hr/>
Goodwill arising on acquisition	102,465
	<hr/> <hr/>
<b>Purchase considerations satisfied through issuing 120,000 thousand common shares (note 20)</b>	<b>450,000</b>
	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**37 Business combination (continued)**

**b) Al Faysal Bakery and Sweets Company WLL acquisition**

On 26 January 2021, the Company acquired 100% of the shares of Al Faysal Bakery and Sweets Company WLL (“Al Faysal”), a limited liability company based in the State of Kuwait that specialises in the manufacture and trading of bakeries and foodstuff. The Group has acquired Al Faysal because it is expanding both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the amounts of Al Faysal as at the acquisition date. Fair values of the identifiable assets and liabilities of Al Faysal as at the date of acquisition are set out below:

	<b>Fair value on acquisition AED'000</b>
<b>Assets</b>	
Property, plant and equipment	14,120
Brand names	9,000
Licenses	24,000
Land grant	27,000
Inventories	4,886
Trade and other receivables	12,724
Cash and bank balances	16,118
Other assets	6,327
	<hr/>
<b>Total assets</b>	<b>114,175</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Employees' end of service benefits	(7,614)
Borrowings	(4,142)
Trade and other payables	(10,835)
Contingent considerations *	(22,000)
Other liabilities	(5,839)
	<hr/>
<b>Total liabilities</b>	<b>(50,430)</b>
	<hr/> <hr/>
<b>Total identifiable net assets at fair value</b>	<b>63,745</b>
	<hr/> <hr/>
Goodwill arising on acquisition	97,160
	<hr/> <hr/>
<b>Purchase considerations satisfied</b>	<b>160,905</b>
	<hr/> <hr/>

\* As part of the SPA with the previous owners of Al Faysal dated 25 November 2020, part of the consideration was determined to be contingent, based on the performance of the acquired entity. As at 31 December 2021, the fair value for the contingent considerations amounted to AED 22,000 thousand given the performance indicators of Al Faysal against the target.

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**37 Business combination (continued)**

**c) Al Nabil Food Industries Limited**

On 1 April 2021, the Company obtained control of 80% of the shares of Al Nabil Food Industries LLC (“Al Nabil”), a limited liability company based in Jordan that specialises in the manufacture and trading of processed protein products. The Group has acquired Al Nabil to diversify its portfolio and expand its existing customer base. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the fair values of the identifiable assets and liabilities of Al Nabil as at the acquisition date.

Fair values of the identifiable assets and liabilities of Al Nabil as at the date of acquisition are set out below:

	<b>Fair value on acquisition AED’000</b>
<b>Assets</b>	
Property, plant and equipment	117,458
Brand name	104,003
Customer relationships	15,068
Inventories	51,954
Trade and other receivables	81,546
Cash and bank balances	57,558
Other non-current assets	5,662
Other current assets	4,180
	<hr/>
<b>Total assets</b>	<b>437,429</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Bank borrowings	(48,612)
Trade and other payables	(63,900)
Other non-current liabilities	(2,802)
Other current liabilities	(2,719)
	<hr/>
<b>Total liabilities</b>	<b>(118,033)</b>
	<hr/> <hr/>
<b>Total identifiable net assets at fair value</b>	<b>319,396</b>
	<hr/> <hr/>
Goodwill	264,092
Non-controlling interests acquired	(63,879)
	<hr/> <hr/>
<b>Total considerations satisfied</b>	<b>519,609</b>
	<hr/> <hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**37 Business combination (continued)**

**c) Al Nabil Food Industries Limited (continued)**

Total considerations satisfied to acquired 80% shares of Al Nabil are set out below:

	<b>AED'000</b>
Equity considerations through issuing 71,577 thousand common shares (note 20)	393,674
Cash considerations	125,935
	<hr/>
<b>Total considerations satisfied</b>	<b>519,609</b>
	<hr/>

**d) Ismailia Agricultural and Industrial Investment (Furat)**

The Company obtained control of 75.02% of the shares of Ismailia Agricultural and Industrial Investment (Furat) ("Atyab") on 10 August 2021, a joint stock company based in Egypt that specialises in the manufacture and trading of processed protein products with a portfolio of four brands (Atyab, Meatland, Shiketita and Furat). The Group has acquired Atyab to expand its existing customer base in Egypt and to empower the protein segment. The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the fair values of the identifiable assets and liabilities of Atyab as at the acquisition date are set out below:

	<b>Fair value on acquisition AED'000</b>
<b>Assets</b>	
Property, plant and equipment	91,866
Brand names	99,265
Inventories	56,746
Trade and other receivables	21,776
Cash and bank balances	11,845
Other non-current assets	25,983
	<hr/>
<b>Total assets</b>	<b>307,481</b>
	<hr/>
<b>Liabilities</b>	
Bank borrowings	(7,663)
Trade and other payables	(80,077)
Other non-current liabilities	(7,936)
Other current liabilities	(15,520)
	<hr/>
<b>Total liabilities</b>	<b>(111,196)</b>
	<hr/>
<b>Total identifiable net assets at fair value</b>	<b>196,285</b>
	<hr/>

**Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)**

**37 Business combination (continued)**

**d) Ismailia Agricultural and Industrial Investment (Furat) (continued)**

	<b>Fair value on acquisition AED'000</b>
<b>Total identifiable net assets at fair value</b>	<b>196,285</b>
Goodwill	425,401
Non-controlling interests acquired	(49,032)
<b>Total considerations satisfied in cash</b>	<b>572,654</b>

**e) Ripplette Corp. and Mediterranean Confectionary Company Limited**

On 31 August 2021, the Group Board of Directors' has approved a strategic acquisition of a 100% stake in Ripplette Corp. and Mediterranean Confectionary Company Limited (together "BMB") and subsequently obtained the control on 13 December 2021. BMB was launched in 2007 and has a large portfolio of confectionery and healthy food brands and distributes in more than 23 countries worldwide, including the UAE, Saudi Arabia, and USA. The acquisition has been accounted for using the acquisition method.

The Group has entered into a management agreement with previous owners pursuant to the SPA to govern the terms of the management party's economic interest in BMB which equals to 20% of the issued share capital.

These consolidated financial statements include the provisional fair values of the identifiable assets and liabilities of BMB as at the acquisition date as set out below:

	<b>Provisional amounts on acquisition AED'000</b>
<b>Assets</b>	
Property, plant and equipment	43,634
Brand names	56,795
Non-compete clause	9,000
Customer relationships	37,000
Investment in an associate	19,084
Inventories	29,724
Trade and other receivables	40,585
Cash and bank balances	17,754
Other non-current assets	13,425
Other current assets	14,352
<b>Total assets</b>	<b>281,353</b>

Notes to the consolidated financial statements  
for the year ended 31 December 2021 (continued)

37 Business combination (continued)

**e) Ripplette Corp. and Mediterranean Confectionary Company Limited (continued)**

	<b>Provisional amounts on acquisition AED'000</b>
<b>Liabilities</b>	
Employees' end of service benefits	(4,577)
Borrowings	(3,097)
Lease liabilities	(13,636)
Trade and other payables	(55,773)
	<hr/>
<b>Total liabilities</b>	<b>(77,083)</b>
	<hr/> <hr/>
<b>Total identifiable net assets at fair value</b>	<b>204,270</b>
	<hr/> <hr/>
Goodwill	480,981
Non-controlling interests acquired	(40,854)
	<hr/> <hr/>
<b>Total considerations</b>	<b>644,397</b>
	<hr/> <hr/>

Details of total considerations to acquire BMB is set out below:

	<b>Provisional amounts on acquisition AED'000</b>
Satisfied in cash	542,701
Contingent considerations *	101,696
	<hr/>
<b>Total considerations</b>	<b>644,397</b>
	<hr/> <hr/>

\* As part of the SPA with the previous owners of BMB dated 13 December 2021, part of the consideration was determined to be contingent, based on the performance of the acquired entity and certain tax liabilities settlement. As at the acquisition date, the fair value for the contingent considerations amounted to AED 101,696 thousand given the performance indicators of BMB against the target and tax settlement.