AGTHIA GROUP PJSC

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

AGTHIA GROUP PJSC

Report and consolidated financial statements
for the year ended 31 December 2024

ERNST & YOUNG MIDDLE EAST
(ABU DHABI BRANCH)
P.O. Box 136
Nation Towers, Tower 2, Floor 27
Corniche Road West
Emirate of Abu Dhabi
United Arab Emirates

Tel: +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
https://www.ey.com

C.L. No. 1001276

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 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA) together with the ethical requirements that are relevant to our audit of the 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Shape the future
with confidence

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

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
1. Impairment of goodwill *Refer to notes 3 and 8 to the consolidated financial statements.*	
As of 31 December 2024, the carrying value of goodwill amounted to AED 1.859 million, or 28% of total assets, as disclosed in Note 8. 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. Goodwill is monitored by management at the level of cash-generating units ("CGUs"). Management carried out an impairment exercise as at 31 December 2024 in respect of goodwill allocated to each CGU by determining a recoverable amount based on value-in-use (VIU) derived from a discounted cash flow model, which was based on the most recent formal business plan prepared by the Group's management. For certain CGUs, management determined the recoverable amount based on fair value less costs of disposal (FVLCD) using comparable EBITDA multiples. An impairment loss is recognized in the consolidated statement of profit or loss 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. 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, EBITDA multiples and costs of disposal.	We obtained an understanding of the process implemented by the Group to determine the recoverable amounts of goodwill allocated to Cash-Generating Units (CGU). Our work consisted of: (i) evaluating the appropriateness of the design and implementation the Group's control over the testing of goodwill; (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 the requirements of IAS 36; (iii) reconciling the net carrying amount of the goodwill allocated to the CGU tested with the Group's accounting records; (iv) engaging our valuation specialists to review management's determination of the VIU and FVLCD including review of discounted cash flow models and to assess the discount rate, terminal growth rate, EBITDA multiples and costs of disposal and carry out a benchmark against independent data and peer groups; (v) substantiating the results of sensitivity analyses carried out by management by comparing them to those realized by us; (vi) verifying the arithmetical accuracy of the valuations used by the Group. We have also assessed the disclosures in the consolidated financial statements relating to this matter are adequately made in accordance with IFRS.

Report on the Audit of the Consolidated Financial Statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
2. Revenue recognition	
Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralised operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2024, total revenue of the Group from operations amounted to AED 4,914,644 thousand. The Group's revenue recognition policy is disclosed in Note 3 to the consolidated financial statements.	We reviewed the revenue recognition policies applied by the Group to assess the compliance with IFRS requirements. For each material operational location with significant revenue streams, we obtained or involved component auditors to obtain understanding of the design and operating effectiveness of the controls relating to the revenue recognition process, and to perform substantive audit procedures which included overall analytical procedures, at the Group and subsidiary level, and testing on transactions throughout the year to assess whether revenues were in accordance with the revenue recognition policies.

Other information

Other information consists of the information included in the Group's annual report and its Management Discussion and Analysis Report, other than the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 5 March 2024.

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

Report on the Audit of the Consolidated Financial Statements (continued)

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 IFRS Accounting Standards and incompliance with the applicable provisions of the articles of association of the Company and the UAE Federal Decree Law No. (32) of 2021, 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. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 represent the underlying transactions and events in a manner that achieves fair presentation.

EY
Shape the future
with confidence

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

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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, actions taken to eliminate threats or safeguards applied .

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.

Report on Other Legal and Regulatory Requirements

As required by the UAE Decree Federal Law No. (32) of 2021, we report for the year ended 31 December 2024 that:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

iv) investments in shares and stocks during the year ended 31 December 2024, are disclosed in Note 7 to the consolidated financial statements;

v) Note 12 reflects material related party transactions and the terms under which they were conducted;

vi) 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 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2024; and

vii) Note 1 reflects the social contributions made during the year.

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

Report on Other Legal and Regulatory Requirements (continued)

Pursuant to the requirements of Article 5 of Abu Dhabi Accountability Authority ("ADAA") Chairman Resolution No. 88 o 2021 regarding the examination of internal financial controls over financial reporting, we have been engaged to perform an assurance engagement to provide a reasonable assurance report on the effectiveness of internal controls over financial reporting for the Group.

Further, as required by ADAA Chairman Resolution No. 88 of 2021 regarding financial statements Audit Standards for the Subject Entities, we report, in connection with our audit of the consolidated financial statements for the year ended 31 December 2024, that 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 2024:

(i) its Article of Association; and

(ii) relevant provisions of the applicable laws, resolutions and circulars that have an impact on the Subject Entity's consolidated financial statements.

For Ernst & Young

Ahmad Al Dali
Registration No. 5548

26 February 2025

Abu Dhabi, United Arab Emirates

Consolidated statement of financial position
as at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
ASSETS			
Non-current assets			
Right-of-use assets	**5**	**108,915**	108,133
Property, plant and equipment	**6**	**1,428,985**	1,460,821
Investment in associates and a joint venture	**7**	**29,239**	21,517
Goodwill	**8**	**1,858,593**	1,858,593
Intangible assets	**9**	**536,222**	549,513
Total non-current assets		**3,961,954**	3,998,577
Current assets			
Inventories	**10**	**925,505**	926,834
Trade and other receivables	**11**	**1,013,357**	1,069,801
Due from related parties	**12**	**30,172**	15,142
Cash and bank balances	**13**	**672,691**	629,958
Total current assets		**2,641,725**	2,641,735
Total assets		**6,603,679**	6,640,312

Consolidated statement of financial position as at 31 December 2024 (continued)

	Notes	2024 AED'000	2023 AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	20	831,156	791,577
Share premium	20	612,518	652,097
Legal reserve	21	307,170	278,043
Translation reserve		(272,253)	(186,549)
Retained earnings		1,346,033	1,374,609
Equity attributable to the owners of the Company		2,824,624	2,909,777
Non-controlling interests	33	168,604	283,770
Total equity		2,993,228	3,193,547
Non-current liabilities			
Provision for employees' end of service benefits	14	117,310	111,243
Bank borrowings	15	1,507,602	1,229,603
Lease liabilities	16	76,002	75,126
Deferred government grant	17	7,403	13,435
Derivative financial instruments		-	2,128
Deferred tax liabilities	19	42,279	42,641
Total non-current liabilities		1,750,596	1,474,176
Current liabilities			
Bank borrowings	15	181,849	320,496
Lease liabilities	16	33,188	33,326
Deferred government grant	17	10,141	11,878
Trade and other payables	18	1,612,070	1,606,889
Contingent consideration	36	22,607	-
Total current liabilities		1,859,855	1,972,589
Total liabilities		3,610,451	3,446,765
Total equity and liabilities		6,603,679	6,640,312

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 26 February 2025 and signed on its behalf:

Khalifa Sultan Al Suwaidi
Chairman

Alan Smith
Chief Executive Officer

Hala Hobeiche Katounas
~~Acting Chief Financial Officer~~

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

Consolidated statement of profit or loss
for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue from contracts with customers		**4,914,644**	4,561,210
Cost of sales	**23**	**(3,448,429)**	(3,200,212)
Gross profit		**1,466,215**	1,360,998
Selling and distribution expenses	**24**	**(611,930)**	(577,499)
General and administrative expenses	**25**	**(449,223)**	(353,693)
Research and development costs	**26**	**(7,620)**	(8,070)
Other income, net	**27**	**46,771**	43,401
Operating profit		**444,213**	465,137
Finance income	**28**	**17,026**	25,649
Finance expense, net	**29**	**(81,293)**	(112,883)
Share of profit of associates and a joint venture	**7**	**3,734**	4,283
Profit before tax and zakat		**383,680**	382,186
Income tax and zakat expenses	**30**	**(61,846)**	(82,610)
Profit for the year		**321,834**	299,576
Attributable to:			
Equity holders of the parent		**291,274**	261,008
Non-controlling interests	**33**	**30,560**	38,568
		321,834	299,576
Basic and diluted earnings per share (AED)	**31**	**0.356**	0.330

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

Consolidated statement of comprehensive income
for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Profit for the year		**321,834**	299,576
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translation difference on foreign operations		**(108,490)**	(46,308)
Cash flow hedges – effective portion of changes in fair value		**-**	(222)
Item that will not be subsequently reclassified to profit or loss			
Re-measurement of employees' end of service benefits	**14**	**(751)**	2,031
Other comprehensive loss		**(109,241)**	(44,499)
Total comprehensive income for the year		**212,593**	255,077
Attributable to:			
Equity holders of the parent		**204,763**	227,113
Non-controlling interests		**7,830**	27,964
		212,593	255,077

Consolidated statement of changes in equity
for the year ended 31 December 2024

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Other Reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 1 January 2023	791,577	652,097	251,942	(150,531)	222	1,267,967	2,813,274	272,619	3,085,893
Profit for the year	-	-	-	-	-	261,008	261,008	38,568	299,576
Other comprehensive (loss)/ income:									
Foreign currency translation difference on foreign operations	-	-	-	(36,018)	-	-	(36,018)	(10,290)	(46,308)
Re-measurement of employees' end of service benefits	-	-	-	-	-	2,345	2,345	(314)	2,031
Transfer of cash flow hedge to profit and loss	-	-	-	-	(222)	-	(222)	-	(222)
Total comprehensive (loss)/ income for the year	-	-	-	(36,018)	(222)	263,353	227,113	27,964	255,077
Dividends (note 22)	-	-	-	-	-	(130,610)	(130,610)	-	(130,610)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(16,917)	(16,917)
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	104	104
Transfer to legal reserve	-	-	26,101	-	-	(26,101)	-	-	-
Balance at 31 December 2023	791,577	652,097	278,043	(186,549)	-	1,374,609	2,909,777	283,770	3,193,547

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

Consolidated statement of changes in equity
for the year ended 31 December 2024 (continued)

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 1 January 2024	791,577	652,097	278,043	(186,549)	1,374,609	2,909,777	283,770	3,193,547
Profit for the year	-	-	-	-	291,274	291,274	30,560	321,834
Other comprehensive (loss)/ income:								
Foreign currency translation difference on foreign operations	-	-	-	(85,704)	-	(85,704)	(22,786)	(108,490)
Re-measurement of employees' end of service benefits	-	-	-	-	(807)	(807)	56	(751)
Total comprehensive (loss)/ income for the year	-	-	-	(85,704)	290,467	204,763	7,830	212,593
Dividends (note 22)	-	-	-	-	(166,829)	(166,829)	-	(166,829)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(2,754)	(2,754)
Acquisition of non-controlling interests (note 36)	-	-	-	-	(123,087)	(123,087)	(120,242)	(243,329)
Bonus shares issued (note 22)	39,579	(39,579)	-	-	-	-	-	-
Transfer to legal reserve	-	-	29,127	-	(29,127)	-	-	-
Balance at 31 December 2024	**831,156**	**612,518**	**307,170**	**(272,253)**	**1,346,033**	**2,824,624**	**168,604**	**2,993,228**

Consolidated statement of cash flows
for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Operating activities			
Profit before tax and zakat		**383,680**	382,186
Adjustments for:			
Depreciation of property, plant and equipment *	**6**	**166,076**	171,072
Amortisation of right-of-use assets	**5**	**43,995**	44,339
Amortisation of intangible assets	**9**	**13,080**	13,174
Interest income	**28**	**(17,026)**	(25,649)
Interest expense	**29**	**81,703**	109,374
Provision for employees' end of service benefits	**14**	**16,939**	10,473
Allowance for impairment losses of trade receivables, net	**11**	**64,710**	12,245
(Gain) / Loss on disposal of property, plant and equipment	**27**	**(1,861)**	1,495
Movement in allowance for slow moving inventory, net	**10**	**61,675**	4,006
Interest expense on lease liabilities	**16**	**7,592**	6,701
(Gain) / Loss of derivative instruments, net		**(2,128)**	2,128
Fair value gain of a contingent liability		**-**	(18,428)
Share of profit of associates and a joint venture	**7**	**(3,734)**	(4,283)
		814,701	708,833
Movements in working capital:			
Inventories		**(60,346)**	(83,565)
Trade and other receivables		**(8,266)**	(151,758)
Due from related parties		**(15,030)**	(448)
Other provisions		**(34,696)**	(73,166)
Deferred government grant **		**(7,769)**	(7,664)
Trade and other payables		**4,819**	657,780
Cash generated from operations		**693,413**	1,050,012
Payment of employees' end of service benefits	**14**	**(11,557)**	(13,170)
Income tax and zakat paid		**(25,838)**	(18,625)
Net cash flows from operating activities		**656,018**	1,018,217
Investing activities			
Payment for purchase of property, plant and equipment ***	**6**	**(193,706)**	(218,329)
Investment in fixed deposits, net		**130,192**	424,131
Investment in an associate	**7**	**(5,806)**	(4,194)
Interest received		**19,487**	34,962
Proceeds from sale of property, plant and equipment		**6,482**	2,318
Dividends received	**7**	**1,818**	3,936
Payment of a contingent liability		**-**	(89,789)
Acquisition of non-controlling interests	**36**	**(220,722)**	104
Net cash flows (used in) / from investing activities		**(262,255)**	153,139

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

Consolidated statement of cash flows
for the year ended 31 December 2024 (continued)

	Notes	2024 AED'000	2023 AED'000
Financing activities			
Dividends paid to equity holders of the parent	22	**(166,829)**	(130,610)
Dividends paid to non-controlling interests		**(2,754)**	(16,917)
Proceeds from long term borrowings		**1,459,057**	47,855
Interest paid		**(85,476)**	(109,506)
Repayments of long term borrowings		**(1,181,058)**	(529,068)
Movement in short term borrowings, net		**(221,911)**	(310,155)
Repayments of principal amount of lease liabilities	16	**(64,467)**	(55,100)
Net cash flows used in financing activities		**(263,438)**	(1,103,501)
Net increase in cash and cash equivalents		**130,325**	67,855
Effect of foreign exchange rate changes		**(40,664)**	(11,268)
Cash and cash equivalents as at 1 January	13	**277,708**	221,121
Cash and cash equivalents as at 31 December	13	**367,369**	277,708

(*) Depreciation of property, plant and equipment includes depreciation charge of assets funded by the Government of Abu Dhabi amounting to AED 10,141 thousand (2023: AED 11,878 thousand) (Notes 6 and 17).

(**) Deferred government grant movement includes the net of depreciation charge and purchase for assets funded by the Government of Abu Dhabi amounting to AED 10,141 thousand (2023: AED 11,878 thousand) and AED 2,372 thousand (2023: AED 4,214 thousand) respectively (Note 17)

(***) Payment for purchase for property, plant and equipment include assets purchased with the Government of Abu Dhabi fund amounting to AED 2,372 thousand (2023: AED 4,214 thousand) (Notes 6 and 17).

1 Corporate 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.

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, 17th Floor, P.O. Box 37725, Abu Dhabi, United Arab Emirates.

The Group made social contributions amounting to AED 1,436 thousand during the year ended 31 December 2024 (2023: AED 659 thousand).

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
		2024	2023	**2024**	2023	
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.
Al Bayan Purification and Potable Water LLC (Al Bayan)	UAE	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	**100**	100	**100**	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	**50**	50	**50**	50	Production, bottling and sale of bottled water.
Al Foah Company LLC (Foah)	UAE	**100**	100	**100**	100	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (Al Faysal)	Kuwait	**100**	100	**100**	100	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (Al Nabil)	Jordan	**80**	80	**80**	80	Manufacturing and trading in processed protein food products

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest (%)		Beneficial ownership interest (%)		Principal activities
		2024	2023	**2024**	2023	
Ismailia Agricultural and Industrial Investment (Furat) (Atyab) *	Egypt	**100**	75.02	**100**	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) *	KSA	**100**	100	**100**	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) *	UAE	**100**	100	**100**	80	Manufacturing and trading of sweets and snacking items.
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E. (Abu Auf) *	Egypt	**70**	60	**70**	60	Manufacturing and trading of healthy snacks, nuts and coffee.

* Refer (Note 36) to these consolidated financial statements for additional legal ownership and economic interests acquired during the year. Also, refer to Note 37 for a subsequent event related to additional acquisition in Abu Auf.

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

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 16 : Lease Liability in a sale and Lease back
- Amendments to IAS 1 : Classification of Liabilities as Current or Non-Current
- Supplier Finance Arrangement – Amendments to IAS 17 and IFRS 7

These amendments had no significant impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Group's financial statements.

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

2.2 Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards. IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

3 Material accounting policy information

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRS) and comply with the Articles of Association of the Company, as amended, and wherever applicable, with the UAE Decree Federal Law No. (32) of 2021.

Basis of preparation

These consolidated financial statements are presented in UAE Dirhams (AED), rounded to the nearest thousand (AED 000) which is the functional currency of the Group. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern

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.

3 Material accounting policy information (continued)

Basis of consolidation (continued)

Non-controlling interests (NCI)

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.

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 35).

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".

(b) Group companies

The results and financial position of all the Group subsidiaries (except for operations in Turkey, 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 other comprehensive income.

3 Material accounting policy information (continued)

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 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
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.

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 of the recoverable amounts are based on determination of the value in use which represents 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. Moreover, the Group also determines recoverable amounts for certain components based on the fair value less costs of disposal approach where recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These valuation model performed by the Group is corroborated by comparable EBITDA multiples for similar companies within the industry in which the components operate.

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.

3 Material accounting policy information (continued)

Goodwill and Intangible assets (continued)

Acquired intangible assets (continued)

Based on an analysis of all the relevant factors for premium brand names, there is no foreseeable limit to the period over which it is expected to generate net cash inflows for the Group and is therefore considered to have an indefinite useful life. 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 are stated below.

Brand names	25 years - Indefinite useful life
Licenses and spring water rights	Indefinite useful life
Customer relationships	10-12 years

Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets– 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 (further disclosures relating to recoverable amount are provided in Note 4). 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.

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. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and allowance for impairment applied according to the inventory type and the degree of ageing or obsolescence, based on Group's policy for inventory provisioning.

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.

3 Material accounting policy information (continued)

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.

Employees' end of service 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 the 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 the 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.

3 Material accounting policy information (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.

Dividends

Dividends are 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.

Income tax and Zakat

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Zakat

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.

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.

3 Material accounting policy information (continued)

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. Revenue is measured at an amount that reflects the considerations to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is adjusted for expected discounts and volume discounts, which are estimated based on the historical data or forecast and projections. The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation. For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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.

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.

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.

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.

3 Material accounting policy information (continued)

Leases

The Group as lessee

The Group assesses whether a 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 the 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 revise 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.

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 ‘impairment of non-financial assets’ 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.

3 Material accounting policy information (continued)

Financial instruments (continued)

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. The Group's financial assets comprise of trade and other receivables, due from related parties and cash and bank balances.

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 profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Classification and measurement - Financial assets

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 consolidated statement of 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 Expected Credit Losses (ECL), 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.

3 Material accounting policy information (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, 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.

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

Trade payables, borrowings 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.

3 Material accounting policy information (continued)

Financial instruments (continued)

Derecognition of financial liabilities

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

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in consolidated statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non current asset or a non current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in consolidated statement of other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in consolidated statement of profit or loss, and is included in the 'other income' line item.

Amounts previously recognised in consolidated statement of other comprehensive income and accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non financial asset or a non financial liability, the gains and losses previously recognised in consolidated statement of other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non financial asset or non financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to consolidated statement of profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to consolidated statement of profit or loss.

3 Material accounting policy information (continued)

Investments in 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.

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).

3 Material accounting policy information (continued)

Government grants

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 non-current and current liabilities. Any excess expenditure over government grants received is recorded as balance receivable from government in the consolidated statement of financial position.

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.

Value added tax ("VAT")

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position

Current versus non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

3 Material accounting policy information (continued)

Fair value measurement
The Group measures financial instruments such as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at fair value at each consolidated statement of financial position date.

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 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 principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on the basis as explained above, except for leasing transactions that are within the scope of IFRS 16 and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

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, note 11 and note 34 "Financial Instruments"). Provision for ECL of trade receivables amounted to AED 199,040 thousand as at 31 December 2024 (31 December 2023: AED 136,199 thousand).

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.

Useful lives of intangible assets

Useful life of brand names is estimated based on the period over which these brand names are expected to generate the cash inflows to the Group. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar internal assets. The useful life of each asset is reviewed annually and updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the intangible asset.

Allowance for slow moving and obsolete inventories

Management assesses loss (if any) on items of inventory on account of slow moving and obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a future consumption of the item. Based on the factors, management has identified inventory items as slow moving and obsolete to calculate the allowance for slow moving and obsolete inventories. Provision for slow moving inventories amounted to AED 94,486 thousand as at 31 December 2024 (31 December 2023: AED 34,882 thousand).

Impairment of non-financial 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 recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets 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 discounted cash flow 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 discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill, property, plant and equipment and other intangibles with indefinite useful lives recognised by the Group. The Group bases its impairment calculation on the most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

4 Accounting estimates and judgements (continued)

Impairment of non-financial assets (continued)
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). For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

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.

During the year, the Group did not enter into any new business combination transaction. 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 this transaction in accordance with IFRS 3.

Fair value measurement of contingent considerations

Contingent considerations from business combinations, are valued at fair value at the acquisition date as part of the business combination. When the contingent liabilities meet the definition of a financial liability, they are 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.

Volume rebates

Sales rebates represent a significant aspect of revenue recognition process and involve estimating the amount of rebates that may be claimed by customers. These estimates are inherently subjective and are subject to change based on various factors, including customer behavior, market conditions, and historical rebate redemption patterns. Sales rebates are recognized as a reduction of revenue when the related sales occur. The estimation of sales rebates is based on historical experience, current contractual terms, and market conditions. Any changes in estimates related to sales rebates are recognized in the period in which the change occurs. Such changes are disclosed in the financial statements in accordance with the applicable accounting standards. Estimates related to sales rebates are subject to periodic review by management, involving a collaborative process between cross functional departments. The approval of such estimates involves key stakeholders to ensure alignment with business objectives.

5 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Land and buildings AED'000	Plant and equipment AED'000	Motor Vehicles AED'000	Total AED'000
Cost				
At 1 January 2023	95,938	7,150	95,253	198,341
Additions	34,982	-	37,503	72,485
Terminations	(4,436)	-	-	(4,436)
Exchange differences	(3,594)	(1,426)	(500)	(5,520)
At 31 December 2023	122,890	5,724	132,256	260,870
Additions	**28,182**	**-**	**29,725**	**57,907**
Terminations	**(687)**	**-**	**-**	**(687)**
Exchange differences	**(21,286)**	**(2,241)**	**(825)**	**(24,352)**
At 31 December 2024	**129,099**	**3,483**	**161,156**	**293,738**
Accumulated depreciation				
At 1 January 2023	42,904	1,865	66,249	111,018
Charge for the year	22,781	1,050	20,508	44,339
Terminations	(2,857)	-	-	(2,857)
Exchange differences	885	(380)	(268)	237
At 31 December 2023	63,713	2,535	86,489	152,737
Charge for the year	**23,767**	**644**	**19,584**	**43,995**
Terminations	**(393)**	**-**	**-**	**(393)**
Exchange differences	**(9,706)**	**(1,075)**	**(735)**	**(11,516)**
At 31 December 2024	**77,381**	**2,104**	**105,338**	**184,823**
Carrying amount				
At 31 December 2024	**51,718**	**1,379**	**55,818**	**108,915**
At 31 December 2023	59,177	3,189	45,767	108,133

Leases of land and buildings and plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles have lease terms between 3 and 5 years. The Group also has certain leases of point-of-sale outlets and sale branches with lease terms of 12 months or less with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right of use assets depreciation expenses during the year is charged to the consolidated statement of profit or loss as set out below:

	2024 AED'000	2023 AED'000
Cost of sales (Note 23)	**9,243**	9,948
Selling and distribution expenses (Note 24)	**33,958**	33,716
General and administrative expenses (Note 25)	**794**	675
	43,995	44,339

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

6 Property, plant and equipment

	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
Cost						
At 1 January 2023	1,070,001	1,435,572	98,154	80,636	103,531	2,787,894
Additions	11,071	42,469	12,045	3,957	148,787	218,329
Disposals	(617)	(26,281)	(157)	(2,087)	-	(29,142)
Transfers	21,504	46,263	3,584	2,563	(73,914)	-
Exchange differences	(10,591)	(15,602)	(4,174)	(1,814)	(3,002)	(35,183)
At 31 December 2023	1,091,368	1,482,421	109,452	83,255	175,402	2,941,898
Additions	**4,650**	**12,815**	**13,462**	**2,306**	**160,473**	**193,706**
Disposals	**(2,745)**	**(9,924)**	**(1,440)**	**(2,086)**	**(1,361)**	**(17,556)**
Transfers	**80,970**	**148,089**	**12,924**	**425**	**(242,408)**	**-**
Exchange differences	**(19,167)**	**(32,463)**	**(11,586)**	**(3,276)**	**(3,961)**	**(70,453)**
At 31 December 2024	**1,155,076**	**1,600,938**	**122,812**	**80,624**	**88,145**	**3,047,595**

Notes to the consolidated financial statements
for the year ended 31 December 2024 (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
Accumulated depreciation						
At 1 January 2023	379,357	841,614	59,789	61,107	-	1,341,867
Charge for the year	45,579	105,597	12,778	7,118	-	171,072
Disposals	(544)	(23,002)	(154)	(1,629)	-	(25,329)
Exchange differences	(878)	(3,455)	(1,535)	(665)	-	(6,533)
At 31 December 2023	423,514	920,754	70,878	65,931	-	1,481,077
Charge for the year	**43,154**	**102,833**	**14,256**	**5,833**	**-**	**166,076**
Disposals	**(33)**	**(9,421)**	**(1,430)**	**(2,051)**	**-**	**(12,935)**
Exchange differences	**(2,109)**	**(7,545)**	**(4,310)**	**(1,644)**	-	**(15,608)**
At 31 December 2024	**464,526**	**1,006,621**	**79,394**	**68,069**	**-**	**1,618,610**
Carrying amount						
At 31 December 2024	**690,550**	**594,317**	**43,418**	**12,555**	**88,145**	**1,428,985**
At 31 December 2023	667,854	561,667	38,574	17,324	175,402	1,460,821

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

Assets with a net carrying amount of AED 17,544 thousand (2022: 25,313 thousand) is funded by the Government of Abu Dhabi for the purpose of managing and operating dates receiving centres. A contra amount is recorded in these consolidated financial statements as deferred government grant (Note 17).

Total additions to property, plant and equipment are funded by the Government of Abu Dhabi during the year amounted to AED 2,372 thousand (2023: AED 4,214 thousand) (Note 17).

6 Property, plant and equipment (continued)

Depreciation charge for the year related to assets funded by the Government of Abu Dhabi amounted to AED 10,141 thousand (2023: AED 11,878 thousand) (note 17).

During the year, the Group sold equipment with a total net carrying amount of AED 4,621 thousand for a cash consideration of AED 6,482 thousand. In the prior period, the Group sold equipment with a net carrying amount of AED 3,813 thousand for a cash consideration of AED 2,318 thousand. The net gains and losses on these disposals were recognised as part of other income in the consolidated statement of profit or loss in Note 27.

Property, plant and equipment depreciation expenses during the year is charged as set out below:

	2024 **AED'000**	2023 AED'000
Cost of sales (note 23)	**124,550**	127,340
Selling and distribution expenses (note 24)	**17,323**	16,947
General and administrative expenses (note 25)	**13,801**	14,632
Research and development costs (note 26)	**261**	275
Depreciation expense charged to the consolidated statement of profit and loss	**155,935**	159,194
Depreciation of government grants (note 17)	**10,141**	11,878
Aggregate depreciation as per property, plant and equipment schedule	**166,076**	171,072

7 Investment in associates and a joint venture

	2024 **AED'000**	2023 AED'000
Investment in associates and a joint venture	**29,239**	21,517

<u>Investment in associates</u>

Investments in associates are accounted for using the equity method in these consolidated financial statements are as follows:

- 31% ownership interest in Kottouf & Hala Trading Co., a limited liability Company registered in the Kingdom of Saudi Arabia. The principal activity of the associate is trading in foodstuff and snacking products.

- 25% ownership interest in Agthia Ventures Restricted Limited, a Restricted Scope Company registered in Abu Dhabi Global Market (ADGM), the associate is an investment fund for business start-ups with the aim of expanding the Group's innovation capacity and opening new markets.

Movement in investment in associates during the year is set out below:

	2024 **AED'000**	2023 AED'000
At 1 January	**21,517**	16,976
Additions during the year	**5,806**	4,194
Share of profit for the period	**3,734**	4,283
Dividends received	**(1,818)**	(3,936)
At 31 December	**29,239**	21,517

7 Investment in associates and a joint venture (continued)

Summary of the latest available financial information of investment in associates is set out below:

Kottouf & Hala Trading Co.

	2024 AED'000	2023 AED'000
Current assets	**84,800**	66,860
Non-current assets	**21,653**	17,168
Current liabilities	**(38,853)**	(30,749)
Non-current liabilities	**(11,529)**	(8,942)
Net assets	**56,071**	44,337
Revenue	**172,443**	192,289
Profit before zakat	**19,788**	18,439
Profit for the year	**17,531**	17,111

Agthia Ventures Restricted Limited

	2024 AED'000	2023 AED'000
Current assets	**23,092**	36,287
Non-current assets	**9,089**	-
Current liabilities	**(1,907)**	(445)
Net assets	**30,274**	35,842
Revenue	**-**	-
Loss before tax	**(5,568)**	(4,158)
Loss for the year	**(5,568)**	(4,158)

Investment in a joint venture

Investment in a joint venture represents 50% ownership interest in Timarat Limited, a private company limited by shares registered in Abu Dhabi Global Market (ADGM), the joint venture objectives are to provide consultancy, project management and studies related to agriculture sector. The joint venture is accounted for using the equity method in these consolidated financial statements.

As at 31 December 2024, the joint venture net carrying value amounts to AED Nil (2023: AED nil)

7 Investment in associates and a joint venture (continued)

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

Timarat Limited

	2024 AED'000	2023 AED'000
Non-current assets	**4,971**	2,955
Current	**3,934**	1,720
Current liabilities	**(11,028)**	(1,834)
Non-current liabilities	**(1,650)**	(1,796)
Net (liability) / asset position	**(3,773)**	1,045
Revenue	**662**	-
Loss before tax	**(4,098)**	(3,176)
Loss for the year	**(4,098)**	(3,176)

8 Goodwill

For the purpose of impairment testing, goodwill acquired through business combinations 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:

	Country	**2024 AED'000**	2023 AED'000
Consumer business division (Atyab)	**Egypt**	**425,401**	425,401
Consumer business division (BMB)	**UAE**	**359,338**	359,338
Consumer business division (Abu Auf)	**Egypt**	**334,204**	334,204
Consumer business division (Al Nabil)	**Jordan**	**264,092**	264,092
Consumer business division (Foah)	**UAE**	**102,465**	102,465
Consumer business division (Al Faysal)	**Kuwait**	**97,160**	97,160
Consumer business division (Al Bayan)	**UAE**	**92,864**	92,864
Consumer business division (Delta)	**KSA**	**87,597**	87,597
Agri business division	**UAE**	**61,855**	61,855
Consumer business division (Al Ain Water)	**UAE**	**31,131**	31,131
Consumer business division (Agthia Turkey)	**Turkey**	**2,486**	2,486
		1,858,593	1,858,593

The recoverable amounts of Agri Business Division and Consumer Business Divisions CGUs were based on their values in use determined by management except for the CGUs of Atyab and Abu Auf whose recoverable amounts were measured based on the fair value less costs of disposal (FVLCD). The recoverable amounts of the Group's CGUs were determined to be higher than their carrying amounts.

Values in use were determined by discounting the future cash flows generated from the continuing use of the units using cash flow projections from financial budgets approved by senior management covering a five-year period and cash flows beyond the five-year period are extrapolated using a terminal growth rate. Cash flows were projected based on past experience and the five-year business plan and terminal value approved by the management.

8 Goodwill (continued)

Key assumptions used for the Group's CGUs impairment testing are the annual revenue growth rate, discount rate and terminal growth rate as set out below:

Anticipated annual revenue growth (%)

	2024	2023
Agri business division	**1.5% - 6.6%**	2.8% - 5%
Consumer business division (Al Ain Water)	**0.1% - 7.2%**	4.3% - 9.2%
Consumer business division (Agthia Turkey)	**10.0% - 29.6%**	7.4% - 22.1%
Consumer business division (Al Bayan)	**2.1% - 38.8%**	8.0% - 9.0%
Consumer business division (Delta)	**10.1% - 39.1%**	6.6% - 11.5%
Consumer business division (Foah)	**10.0% - 22.8%**	17.4% - 19.4%
Consumer business division (Al Faysal)	**2.0% - 9.2%**	2.0% - 4.7%
Consumer business division (Al Nabil)	**5.2% - 11.5%**	8.3% - 18.1%
Consumer business division (BMB)	**10.1% - 14.5%**	13.6% - 16.7%

Discount rate (%)

	2024	2023
Agri business division	**8.76%**	8.36%
Consumer business division (Al Ain Water)	**9.24%**	9.08%
Consumer business division (Agthia Turkey)	**12.33%**	11.09%
Consumer business division (Al Bayan)	**9.09%**	9.07%
Consumer business division (Delta)	**9.41%**	7.98%
Consumer business division (Foah)	**9.05%**	8.44%
Consumer business division (Al Faysal)	**8.83%**	8.29%
Consumer business division (Al Nabil)	**11.0%**	10.86%
Consumer business division (BMB)	**8.96%**	8.55%

The average terminal growth rate used to extrapolate the cash flows of the all the CGUs beyond the five-year period is 5.8% (2023: 5.2%) which management considered justified and is comparable with the industry average. 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.

In determining fair value less costs of disposal (FVLCD) in respect of Atyab and Abu Auf, the Group takes into consideration recent market transactions. The key assumptions used for estimating the recoverable amount for these CGUs represent the selected EBITDA multiples and costs of disposal. The FVLCD for each of these CGUs was derived using a comparable EBITDA multiple method, which involved applying an appropriate multiple to the projected EBITDA for the respective CGU. Management considered this method for selection due to the availability of relevant market data within the same industry and the nature of the CGU being evaluated. The applied weighted average multiple ranges for Atyab and Abu Auf were 13.3x and 13.1x, respectively, which in management's consideration reflect the market conditions and risks associated with the CGUs. The EBITDA of these CGUs was calculated based on the most recent financial year and ongoing sustainable earnings. In performing these calculations, management had drawn inputs from publicly available information for peer companies. The costs of disposals directly attributable to the sale of the CGUs was estimated at 5% of the equity value.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used by 50 basis points 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.

9 Intangible assets

	Brand names AED'000	Licenses AED'000	Customer relationships AED'000	Spring water rights AED'000	Others AED'000	Total AED'000
At 1 January 2023	414,142	50,842	89,814	1,222	7,272	563,292
Amortisation charge	(2,445)	-	(8,523)	-	(2,206)	(13,174)
Exchange differences	(95)	(728)	(200)	(422)	840	(605)
At 31 December 2023	411,602	50,114	81,091	800	5,906	549,513
Amortisation charge	(2,444)	-	(8,524)	-	(2,112)	(13,080)
Exchange differences	-	(73)	-	(131)	(7)	(211)
At 31 December 2024	**409,158**	**50,041**	**72,567**	**669**	**3,787**	**536,222**

For impairment testing intangible assets with indefinite useful lives are allocated to the concerned CGUs which are also operating and reportable segments. The majority of the Group's brand names are considered to have an indefinite life. The Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit its useful life. 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 an indefinite useful life. Accordingly, spring water rights, brands with indefinite useful lives and licenses are not amortised.

Brand names with indefinite useful life are subject to impairment test annually and whenever there is an indication that the brand names may be impaired.

The Group estimated that based on the timeframe each of the above brands has been in the market, the strength and establishment of each brand name and considering the useful life of brands in the identified comparable business combinations, the Group believes that these brand names have an indefinite useful life..

For the purpose of impairment testing, values in use (VIU) were determined by discounting the future cash flows generated from the continuing use of these units except for brand names related to Atyab and Abu Auf which were determined using the fair value less costs of disposal which represents market multiple approach using the EBITDA multiple. In assessing VIU, cash flows were projected based on experience to build a five-year business plan for spring water rights, licenses and brand names with indefinite useful lives using the following key assumptions:

Anticipated annual revenue growth (%)

	2024	2023
Consumer business division (Agthia Turkey)	**10.0% - 29.6%**	7.4% - 22.1%
Consumer business division (Foah)	**10.0% - 22.8%**	17.4% - 19.4%
Consumer business division (Al Rammah)	**4.0% - 30.8%**	2.0% - 4.7%
Consumer business division (Al Faysal)	**2.0% - 9.2%**	2.0% - 4.7%
Consumer business division (Al Nabil)	**5.2% - 11.5%**	8.3% - 18.1%
Consumer business division (BMB)	**10.1% - 14.5%**	13.6% - 16.7%

Discount rates (%)

	2024	2023
Consumer business division (Agthia Turkey)	**12.33%**	11.09%
Consumer business division (Foah)	**9.05%**	8.44%
Consumer business division (Al Faysal)	**8.83%**	8.29%
Consumer business division (Al Rammah)	**9.92%**	10.66%
Consumer business division (Al Nabil)	**11.0%**	10.86%
Consumer business division (BMB)	**8.96%**	8.55%

9 Intangible assets (continued)

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.

The key assumptions relating to estimate of the FVLCD have been disclosed and further explained in Note 8.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used by 50 basis points to determine the recoverable amount for intangible assets. Management anticipates that no reasonably possible change in any of the key assumptions above would cause the carrying value of any of the above intangible assets to materially exceed its recoverable amount.

10 Inventories

	2024 AED'000	2023 AED'000
Raw and packing materials	**612,137**	623,707
Work in progress	**34,701**	27,525
Finished goods	**245,084**	195,473
Spare parts and consumable materials	**118,933**	104,975
Goods in transit	**9,136**	10,006
	1,019,991	961,686
Provision for slow moving inventory	**(94,486)**	(34,852)
	925,505	926,834

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

	2024 AED'000	2023 AED'000
Opening balance	**34,852**	36,914
Charge for the year, net	**61,675**	4,006
Written off	**(2,041)**	(6,068)
Closing balance	**94,486**	34,852

11 Trade and other receivables

	2024 AED'000	2023 AED'000
Trade receivables	**963,292**	870,916
Provision for impairment losses	**(199,040)**	(136,199)
	764,252	734,717
Other receivables	**64,219**	80,508
Prepayments	**37,599**	32,937
Advances	**147,287**	221,639
	1,013,357	1,069,801

11 Trade and other receivables (continued)

As at 31 December 2024, trade receivables include balances amounting to AED 17 million (2023: AED 17 million) which are past due for more than one year and had been fully provided for in the current period. Also, as at 31 December 2024, the Group had balances arising from contracts with other receivables amounting to AED 32.6 million (2023: AED 32.6 Million) which are past due for more than one year and had been fully provided for in the current period.

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

	2024 AED'000	2023 AED'000
Opening balance	**136,199**	125,342
Charge for the year, net	**64,710**	12,245
Written off	**(1,869)**	(1,388)
Closing balance	**199,040**	136,199

The following table details the risk profile of trade receivables based on the Group's provision matrix. The Group's historical credit loss experience is analysed based on different customer channels.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024:

	Gross receivables AED'000	**ECL %**	**ECL provision AED'000**
Not due	**503,764**	**3.4%**	**17,227**
0 – 90 Days	**129,061**	**9.9%**	**12,740**
91 – 180 Days	**28,950**	**30.3%**	**8,758**
181 – 270 Days	**41,464**	**32.2%**	**13,349**
271 – 360 Days	**51,842**	**42.1%**	**21,845**
361 Days and above	**208,211**	**60.1%**	**125,121**
	963,292	**20.7%**	**199,040**

As at 31 December 2023:

	Gross receivables AED'000	ECL %	ECL provision AED'000
Not due	510,572	3.7%	19,004
0 – 90 Days	101,270	6.2%	6,321
91 – 180 Days	29,837	13.4%	4,007
181 – 270 Days	23,809	7.4%	1,768
271 – 360 Days	12,288	47.1%	5,788
361 Days and above	193,140	51.4%	99,311
	870,916	15.6%	136,199

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 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 or jointly 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.

a) Key management personnel compensation

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

	2024 AED'000	2023 AED'000
Short term benefits	**29,337**	26,461
Long term benefits	**7,467**	7,152
	36,804	33,613

b) Amounts due from related parties

	2024 AED'000	2023 AED'000
Kottouf & Hala Trading Co. – associate company	**19,887**	14,473
Timarat Limited – joint venture	**7,067**	-
Abu Dhabi Development Holding Company (ADQ) – ultimate parent company	**2,723**	223
Emirates Iron & Steel Company LLC – affiliated company	**454**	411
Dubai Cable Company (Private) Limited - affiliated company	**41**	35
	30,172	15,142

12 Balances and transactions with related parties (continued)

c) Transactions with related parties

Transactions with related parties during the year were as follows:

	2024 AED'000	2023 AED'000
Sales	**68,699**	84,270
Expenses recharged	**351**	665
Dividends received	**1,818**	3,936

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Group had not recognised any provision for expected credit losses relating to amounts owed by related parties (2023: AED Nil).

13 Cash and bank balances

	2024 AED'000	2023 AED'000
Cash on hand	**3,676**	3,005
Current and savings accounts	**478,130**	305,876
Cash and bank balances	**481,806**	308,881
Bank overdrafts (note 15)	**(114,437)**	(31,173)
Cash and cash equivalents in the consolidated statement of cash flows	**367,369**	277,708
Cash and bank balances	**481,806**	308,881
Fixed deposits	**190,885**	321,077
Cash and bank balances in the consolidated statement of financial position	**672,691**	629,958

Fixed deposits are for a period not more than one year and not less than three months (2023: 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.

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 considering 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.

14 Provision for employees' end of service benefits

	2024 AED'000	2023 AED'000
Changes in the present value for end of service benefits		
Opening balance	**111,243**	115,943
Service cost (including interest costs)	**16,939**	10,473
Benefit payments	**(11,557)**	(13,170)
Exchange differences	**(66)**	28
Gain on remeasurement	**751**	(2,031)
Closing balance	**117,310**	111,243

Amounts recognised in the consolidated statement of profit or loss

	2024 AED'000	2023 AED'000
Current service cost	**11,993**	6,453
Interest cost	**4,946**	4,020
	16,939	10,473

Amounts recognised in consolidated statement of other comprehensive income

	2024 AED'000	2023 AED'000
Effect of changes in demographic assumptions	**(258)**	(13,501)
Effect of changes in financial assumptions	**(4,108)**	2,054
Effect of experience adjustments	**5,117**	9,416
	751	(2,031)

	2024	2023
Significant actuarial assumptions		
Discount rate	**5.50%**	4.95%
Rate of salary increase	**3% for all entities per annum**	3% for all entities per annum
Sensitivity analysis		
Discount rate		
- 50 basis points	**6,040**	5,690
+ 50 basis points	**5,614**	5,273
Salary increase rate		
- 50 basis points	**5,610**	5,270
+ 50 basis points	**6,043**	5,692

The Group expects total benefit payments of AED 15,075 thousand in 2025 (2023: AED 14,201 thousand in 2024).

15 Bank borrowings

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

	2024 AED'000	2023 AED'000
Current liabilities:		
Credit facilities	**54,420**	275,110
Bank overdrafts	**114,437**	31,173
Term loans	**12,992**	14,213
	181,849	320,496
Non-current liabilities		
Term loans	**1,507,602**	1,229,603

Terms and repayment schedule (Amounts in AED'000)

	Notes	Interest Rate	Year of maturity	**2024** Face value /limit	**2024** Carrying amount	2023 Face value /limit	2023 Carrying amount
Short term loans / bank overdrafts		Margin + Reference rate*	2025	**481,743**	**157,732**	409,145	82,703
Credit facilities		Margin + Reference rate*	2025	**1,090,971**	**11,125**	984,116	223,572
Term loan 1	(a)	SOFR + margin*	2026	-	-	293,840	293,840
Term loan 2	(a)	SOFR + margin*	2026	-	-	550,950	550,950
Term loan 3	(a)	EIBOR+ margin*	2026	-	-	50,000	50,000
Term loan 4	(b)	CBK + margin*	2026	-	-	7,528	7,528
Term loan 5	(c)	SAIBOR + margin*	2025	**4,887**	**4,887**	14,690	14,690
Term loan 6	(d)	SOFR + margin*	2027	-	-	275,475	275,475
Term loan 7	(e)	Mid Corridor + margin*	2026	**1,381**	**1,381**	3,485	3,485
Term loan 8	(f)	SAIBOR + margin*	2030	**87,965**	**87,865**	88,140	47,856
Term loan 9	(g)	SOFR + margin*	2029	**1,101,900**	**1,101,900**	-	-
Term loan 10	(h)	EIBOR + margin*	2029	**300,000**	**300,000**	-	-
Term loan 11	(i)	3%	2028	**22,654**	**22,654**	-	-
Term loan 12	(j)	EURIBOR + margin*	2026	**1,907**	**1,907**	-	-
Total				**3,093,408**	**1,689,451**	2,677,369	1,550,099

* Reference rates include SOFR, EIBOR, EURIBOR, SAIBOR, CBK, Mid corridor and Jordan PLR. Margin on the above loans and facilities varies from 0.40 % - 0.95 % (2023: 0.40 % - 1.20 %) for UAE and 0.50 % - 2.85 % (2023: 0.50 % - 2.85 %) for overseas.

(a) The Group availed in 2021 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. The Group has pre-settled AED 507,703 thousand during 2023 and remaining amount of AED 894,790 thousand during 2024.

15 Bank borrowings (continued)

Terms and repayment schedule (Amounts in AED'000) (continued)

(b) One of the Group's subsidiaries availed a loan of KWD 1,800 thousand in 2020 for a tenure of six years repayable in annual instalments till 2026. The facility is secured by corporate guarantee. The Group has pre-settled AED 7,528 thousand (KWD 630 thousand) during 2024.

(c) One of the Group's subsidiaries availed a long-term loan of SAR 50,000 thousand in 2020 for a tenure of five years repayable in semi-annual instalments till 2025. The facility is secured by corporate guarantee. The current carrying value of the loan is AED 4,887 thousand (SAR 5,000 thousand).

(d) The Group has availed a long-term loan of AED 275,475 thousand in USD original currency for a tenure of five years repayable in 2027. The loan payment term is a bullet repayment at maturity. The loan is secured by corporate guarantee. The Group has pre-settled AED 275,475 thousand during 2024.

(e) One of the Group's subsidiaries has a consolidated liability of bank term loan equivalent to AED 1,381 thousand as of 31 December 2024 and repayable in quarterly instalments till 2026.

(f) One of the Group's subsidiaries availed a long-term loan of AED 87,865 thousand (SAR 89,896 thousand) in 2023 for a tenure of seven years repayable in annual instalments from 2026 till 2030 (the loan has two years grace period of principal repayment). The facility is secured by corporate guarantee.

(g) The Group has availed a long-term loan of AED 1,101,900 thousand in USD original currency for a tenure of five years repayable in 2029. The loan payment term is a bullet repayment at maturity. The loan is secured by corporate guarantee.

(h) The Group has availed a long-term loan of AED 300,000 thousand for a tenure of five years repayable in 2029. The loan payment term is a bullet repayment at maturity. The loan is secured by corporate guarantee.

(i) One of the Group's subsidiaries availed a long-term loan of AED 25,885 thousand in JOD original currency in 2024 for a tenure of four years repayable in monthly instalments till 2028. The current carrying value of the loan is AED 22,654 thousand (JOD 4,376 thousand).

(j) One of the Group's subsidiaries availed a long-term loan of AED 1,907 thousand in EUR original currency in 2024 for a tenure of two years repayable in semi-annual instalments till 2026.

16 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2024 AED'000	2023 AED'000
Opening balance	**108,452**	85,945
Additions during the year	**57,907**	72,485
Lease liabilities terminated	**(294)**	(1,579)
Payments made during the year	**(64,467)**	(55,100)
Interest cost	**7,592**	6,701
Closing balance	**109,190**	108,452

Lease liabilities as at 31 December is set out below:

	2024 AED'000	2023 AED'000
Current	**33,188**	33,326
Non-current	**76,002**	75,126
	109,190	108,452

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

16 Lease liabilities (continued)

The Group does not have a significant liquidity risk regarding its lease liabilities and does not have any significant variable component in lease payments. Information relating to amounts recognised on consolidated profit or loss in respect of right-of-use assets is provided in Note 5. Interest expense on lease liabilities for the year ended 31 December 2024 amounted to AED 7,592 thousand (31 December 2023: AED 6,701 thousand).

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

	2024 **AED'000**	2023 AED'000
Not later than 1 year	**33,188**	33,326
Later than 1 year and not later than 5 years	**61,909**	61,195
Later than 5 years	**14,093**	13,931
	109,190	108,452

17 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.

	2024 **AED'000**	2023 AED'000
Current portion		
Unamortised government grants related to property, plant and equipment	**10,141**	11,878
Non-current portion		
Unamortised government grants related to property, plant and equipment	**7,403**	13,435
	17,544	25,313

Deferred government grants represent the net carrying amounts of total property, plant and equipment funded by the Government of Abu Dhabi for the purpose of managing and operating dates receiving centres. Movement in the deferred government grant during the year is set out below:

	2024 **AED'000**	2023 AED'000
Opening balance	**25,313**	32,977
Purchase of property, plant and equipment (note 6)	**2,372**	4,214
Depreciation of the grant (note 6)	**(10,141)**	(11,878)
Closing balance	**17,544**	25,313

18 Trade and other payables

	2024 **AED'000**	2023 AED'000
Trade payables	**928,610**	889,811
Accrued expenses	**454,638**	443,028
Advances and deposits	**24,448**	172,678
Other payables	**204,374**	101,372
	1,612,070	1,606,889

19 Deferred taxation

The deferred income tax expense for the year ended 31 December 2024 of AED 362 thousand (31 December 2023: AED 42,641 thousand) relates to the initial recognition of a deferred tax liability in respect of Purchase Price Allocation (PPA) adjustments carried on the Group's consolidated statement of financial position and attributable to certain UAE-based Group entities. While the PPA adjustments relate to a corporate transaction completed in prior accounting periods, the deferred tax liability arises due to the introduction of the UAE CT Law in the UAE, and on the basis that the UAE-based entities to which those PPA adjustments are attributed should be subject to UAE CT in the future.

20 Share capital and share premium

Share capital includes issued and fully paid 831,156 thousand shares (31 December 2023: AED 791,577 thousand shares) at a par value of AED 1 each.

Share premium pertains to the additional shares issued in prior years with an aggregate principal amount of AED 843,674 thousand which resulted in share premium of AED 652,097 prior to below utilisation.

During the year, the Group has utilised an amount of AED 39,579 thousand from the share premium against the issuance of bonus shares (note 22).

	2024 **AED'000**	2023 AED'000
Authorised share capital (Ordinary shares of AED 1 each)	**1,200,000**	1,200,000
Issued and fully paid share capital	**831,156**	791,577
Share premium	**612,518**	652,097

21 Legal reserve

In accordance with the UAE Federal Decree Law No. (32) of 2021 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 Dividends

At the Annual General Meeting held on 23 April 2024 the shareholders' approved interim cash dividends of AED 81,137 thousand for the year ended 31 December 2023 which represents 10.25% of the issued share capital at the time of declaration, and stock dividends of AED 39,579 thousand for the year ended 31 December 2023 which represents 5% of the issued share capital at the time of declaration (2023: at the Annual General Meeting held on 17 April 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2022 which represents 8.25% of the issued share capital at the time of declaration).

In addition, at the Annual General Meeting held on 12 September 2024 the shareholders' approved interim cash dividends of AED 85,692 thousand for the six months period ended 30 June 2024 which represents 10.31% of the issued share capital at the time of declaration (2023: At the Annual General Meeting held on 12 September 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the six-month period ended 30 June 2023 which represents 8.25% of the issued share capital at the time of declaration).

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

23 Cost of sales

	2024 AED'000	2023 AED'000
Raw materials	**2,746,853**	2,573,095
Salaries and benefits	**280,627**	261,773
Depreciation of property, plant and equipment (Note 6)	**124,550**	127,340
Utilities	**79,371**	79,822
Maintenance	**44,016**	46,878
Transportation	**28,083**	20,296
Rent expenses	**13,666**	9,633
Depreciation of right-of-use assets (Note 5)	**9,243**	9,948
Insurance	**5,915**	6,190
Provision for slow moving inventory (Note 10)	**61,675**	4,006
Others	**54,430**	61,231
	3,448,429	3,200,212

24 Selling and distribution expenses

	2024 AED'000	2023 AED'000
Salaries and benefits	**282,370**	277,778
Marketing expenses	**90,980**	85,398
Transportation	**90,696**	82,894
Depreciation of right-of-use assets (Note 5)	**33,958**	33,716
Rent expense	**23,725**	16,699
Depreciation of property, plant and equipment (Note 6)	**17,323**	16,947
Maintenance	**13,627**	13,041
Utilities	**6,159**	6,527
Training and consulting	**604**	690
Others	**52,488**	43,809
	611,930	577,499

25 General and administrative expenses

	2024 AED'000	2023 AED'000
Salaries and benefits	**213,694**	192,268
Allowance for impairment loss of trade receivables (Note 11)	**64,710**	12,245
Maintenance	**24,903**	18,789
Depreciation of property, plant and equipment (Note 6)	**13,801**	14,632
Legal and professional fees	**13,705**	41,126
Amortisation of intangible assets (Note 9)	**13,080**	13,174
Rent expense	**5,846**	7,861
Depreciation of right-of-use assets (Note 5)	**794**	675
Allowance for impairment loss of other receivables (Note 11)	**32,625**	-
Others	**66,065**	52,923
	449,223	353,693

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

26 Research and development costs

	2024 AED'000	2023 AED'000
Salaries and benefits	**6,725**	6,958
Depreciation on property, plant and equipment (Note 6)	**261**	275
Others	**634**	837
	7,620	8,070

27 Other income, net

	2024 AED'000	2023 AED'000
Grant income from receiving centres relating to grants	**8,400**	8,400
Income on sale of scrap raw materials	**7,405**	7,297
Income from filling / storage	**3,365**	4,319
Management fee	**1,344**	1,437
Gain / (Loss) on sale of property, plant and equipment	**1,861**	(1,495)
Insurance claim income	**1,827**	-
Fair value gain on contingent liability	**-**	18,428
Hedge ineffectiveness on cash flow hedges	**-**	(2,128)
Others	**22,569**	7,143
	46,771	43,401

28 Finance income

	2024 AED'000	2023 AED'000
Interest income	**17,026**	25,649

29 Finance expense, net

	2024 AED'000	2023 AED'000
Interest expense on borrowings	**81,703**	109,374
Interest expense on lease liabilities (note 16)	**7,592**	6,701
Foreign exchange gain	**(8,002)**	(3,192)
	81,293	112,883

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

30 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. The major components of income tax expense for the years ended 31 December 2024 and 2023 are:

	2024 AED'000	2023 AED'000
Consolidated statement of profit or loss		
Income tax expense	**59,751**	39,022
Zakat expense	**2,457**	947
Deferred tax liability – goodwill temporary difference (note 19)	**-**	31,769
Deferred tax liability – intangible assets temporary difference (note 19)	**(362)**	10,872
Income tax expense reported in the consolidated statement of profit or loss	**61,846**	82,610

Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years. The consolidated accounting profit has been reconciled to the accounting profit attributable to tax and the reconciliation between tax expense and the product of accounting profit attributable to tax multiplied by effective income tax rate for the year ended 31 December. Tax rates differ between jurisdictions in which the Group operates. The tax rate applicable in the UAE is 9% (2023: 0%) for taxable profits exceeding AED 375,000. The overall effective tax rate for the Group, including all applicable jurisdictions, is 16.1% (2023: 21.4%). The difference between the applicable tax rate and the Group's effective tax rate arises due to various adjustments being made in accordance with the corporate tax law which are stated below:

	2024 AED'000	2023 AED'000
Reconciliation of tax expense and the accounting profit for 2023 and 2024:		
Accounting profit before tax from continuing operations:		
Income tax		
Profit before taxation	**383,680**	382,186
Prima facie tax expense at 9% (2023: 0%)	**34,531**	-
Temporary Differences - Deferred Tax	**(362)**	42,641
Permanent differences, including exempt income	**25,220**	39,022
Income tax expense	**59,389**	81,663
Add: zakat on accounting profit subject to zakat	**2,457**	947
Tax expense reported in the consolidated statement of profit or loss	**61,846**	82,610
Effective tax rate	**16.1%**	21.6%
Deferred tax		
Reconciliation of deferred tax assets (liabilities):		
At 1 January	**42,641**	-
Tax (benefit)/ expense recognised in profit or loss during the year	**(362)**	42,641
At 31 December – liabilities	**42,279**	42,641
Deferred tax liabilities relate to the following:		
Goodwill temporary difference related to business combinations prior to enactment of UAE CT Law	**31,769**	31,769
intangible assets temporary difference related to business combinations prior to enactment of UAE CT Law	**10,510**	10,872
	42,279	42,641

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

30 Income tax and zakat expenses (continued)

On 15 March 2024, the United Arab Emirates (UAE) Ministry of Finance released a Consultation document on implementation of the OECD Base Erosion and Profit Shifting Pillar Two (Minimum tax), which sets out a top-up tax liability calculated based on the principles in the Pillar Two model rules. The Consultation was closed for comments on 10 April 2024 and is awaiting further announcements. The Group is headquartered in the UAE and is within the scope of the OECD BEPS Pillar Two model rules. The Group has operations in countries where Pillar Two legislation was in effect during 2024 (e.g., Netherlands, Turkey). The Group has performed a preliminary assessment of its potential exposure to Pillar Two income taxes in these countries and it does not have any material exposure to Pillar Two income taxes in 2024. The Group's effective tax rate is expected to increase in 2025 due to implementation of Pillar Two legislation in UAE and other jurisdictions. In the absence of further guidance in UAE, the expected impact in 2025 cannot be reasonably estimated at this time. The Group continues to monitor the legislative activity and potential impact of Pillar Two on its future financial performance.

On 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12 Income Taxes (Amendments). The Amendments address concerns related to accounting and reporting of the Pillar Two income taxes. These Amendments are applicable for annual periods beginning on or after 1 January 2023. The Amendments introduce a mandatory temporary exception from recognizing and disclosing deferred taxes related to Pillar Two when the legislation is enacted. The Group has applied this mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

31 Basic and diluted earnings per share

	2024	2023
Profit for the year attributable to the Owners of the Company AED'000)	**291,274**	261,008
Weighted average number of ordinary shares in issue throughout the year ('000)	**818,869**	791,577
Basic and diluted earnings per share (AED)	**0.356**	0.330

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 2024 and 2023, the Company 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.

32 Contingent liabilities and capital commitments

	2024 AED'000	2023 AED'000
Bank guarantees	**87,228**	30,276
Capital commitments	**29,059**	64,951

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.

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

33 Partly-owned subsidiaries

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

Proportion of equity interest percentage held by non-controlling interests

	Country of incorporation and operation	**2024**	2023
Al Nabil Food Industries LLC	**Jordan**	**20%**	20%
Ismailia Agricultural and Industrial Investment (Furat) *	**Egypt**	**-**	24.98%
Ripplette Corp. and Mediterranean Confectionary Company Limited *	**UAE / KSA**	**-**	20%
Al Rammah National for General Trading and Contracting Company WLL	**Kuwait**	**50%**	50%
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E. *	**Egypt**	**30%**	40%

** Refer (note 36) for additional information on legal ownership and economic interests acquired during the year.*

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

	2024 AED'000	2023 AED'000
Al Nabil Food Industries LLC	**70,124**	65,975
Ismailia Agricultural and Industrial Investment (Furat)	**-**	58,171
Ripplette Corp. and Mediterranean Confectionary Company Limited	**(59)**	51,618
Al Rammah National for General Trading and Contracting Company WLL	**41,234**	39,953
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E.	**57,305**	68,053
	168,604	283,770

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

	2024 AED'000	2023 AED'000
Al Nabil Food Industries LLC	**4,149**	5,548
Ismailia Agricultural and Industrial Investment (Furat)	**2,517**	9,204
Al Rammah National for General Trading and Contracting Company WLL	**1,381**	3,303
Ripplette Corp. and Mediterranean Confectionary Company Limited	**1,236**	5,474
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E.	**21,277**	15,039
	30,560	38,568

34 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	**2024 AED'000**	2023 AED'000
Trade receivables, net	11	**764,252**	734,717
Other receivables	11	**64,219**	80,508
Due from related parties	12	**30,172**	15,142
Cash at banks	13	**669,015**	626,953
		1,527,658	1,457,320

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 expected credit losses 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 many 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:

Amounts in AED'000	**Carrying value**	**Contractual cash flows**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As at 31 December 2024						
Trade and other payables	**1,134,489**	**1,134,189**	**1,134,189**	-	-	-
Bank borrowings	**1,689,451**	**1,929,969**	**257,325**	**76,873**	**1,480,190**	**115,580**
Lease liabilities	**109,190**	**114,873**	**40,275**	**41,974**	**21,181**	**11,443**
	2,933,130	**3,179,031**	**1,431,789**	**118,847**	**1,501,371**	**127,023**
As at 31 December 2023						
Trade and other payables	1,163,861	1,163,861	1,163,861	-	-	-
Bank borrowings	1,550,099	1,718,873	390,894	55,215	1,243,906	28,858
Lease liabilities	108,452	114,097	40,003	41,690	21,038	11,366
	2,822,412	2,996,831	1,594,758	96,905	1,264,944	40,224

34 Financial instruments (continued)

Market risk

<u>*Foreign currency risk*</u>

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, JOD and SAR are pegged to USD. The fluctuation in exchange rates against TRY, KWD, EGP, Euro, and OMR are monitored on a continuous basis.

The following tables demonstrate the sensitivity to a reasonably possible change in significant foreign currency exchange rates exposure mainly denominated in EGP, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in EGP rate	**Effect on profit before tax AED'000**
2024	- / + 5%	**- / + 7,520**
2023	- / + 5%	- / + 5,919

<u>*Interest rate risk*</u>

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.

The Group manages its interest rate risk by entering into interest rate swaps arrangements when needed, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase / (decrease) in basis points	**Effect on profit before tax AED'000**
2024	- / + 0.5%	**- / + 5,903**
2023	- / + 0.5%	- / + 3,618

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 2024, the Group provided returns to shareholders in the form of cash dividends for the year 2023 results, current details of which are included in the consolidated statement of changes in equity.

34 Financial instruments (continued)

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.

35 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, baklawa, chocolates, coffee, nuts 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 2024 (continued)

35 Segmental analysis (continued)

	Agri Business Division ("ABD")		Consumer Business Division ("CBD")								Total	
			Water and Food		Protein and FV		Snacks		Total CBD			
	2024 AED'000	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000	**2024 AED'000**	2023 AED'000
Revenues	**1,367,447**	1,270,812	**1,174,016**	1,054,228	**1,015,166**	1,035,169	**1,519,574**	1,314,704	**3,708,756**	3,404,101	**5,076,203**	4,674,913
Intra-group	**(35,222)**	(43,591)	**(91,863)**	(46,557)	**(6,692)**	(8,921)	**(27,782)**	(14,634)	**(126,337)**	(70,112)	**(161,559)**	(113,703)
External revenues	**1,332,225**	1,227,221	**1,082,153**	1,007,671	**1,008,474**	1,026,248	**1,491,792**	1,300,070	**3,582,419**	3,333,989	**4,914,644**	4,561,210
Gross profit	**330,563**	275,925	**454,634**	411,322	**251,264**	253,569	**448,755**	432,151	**1,154,653**	1,097,042	**1,485,216**	1,372,967
Reportable segment profit	**188,952**	178,798	**73,338**	78,941	**53,726**	71,230	**62,483**	191,464	**189,547**	341,635	**378,499**	520,433
Material non-cash item												
Impairment loss on trade receivables	**3,243**	4,165	**8,285**	7,255	**4,714**	1,470	**48,468**	(645)	**61,467**	8,080	**64,710**	12,245

35 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024**	31 December 2023
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Others:						
Segment assets	**522,141**	624,172	**3,149,717**	3,061,168	**3,671,858**	3,685,340
Segment liabilities	**493,147**	519,967	**1,552,591**	1,362,709	**2,045,738**	1,882,676
Capital expenditure	**16,027**	7,039	**162,066**	203,331	**178,093**	210,370

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

	2024			2023		
	Reportable segment totals	**Unallocated**	**Consolidated totals**	Reportable segment totals	Unallocated	Consolidated totals
	AED'000	**AED'000**	**AED'000**	AED'000	AED'000	AED'000
Gross profit / (loss)	**1,485,216**	**(19,001)**	**1,466,215**	1,372,967	(11,969)	1,360,998
Finance income	**5,849**	**11,177**	**17,026**	3,598	22,051	25,649
Finance expense	**(12,691)**	**(68,602)**	**(81,293)**	(14,598)	(98,285)	(112,883)
Depreciation of property, plant and equipment	**151,612**	**4,323**	**155,935**	155,190	4,004	159,194
Capital expenditure	**178,093**	**15,613**	**193,706**	210,370	7,959	218,329

Notes to the consolidated financial statements
for the year ended 31 December 2024 (continued)

35 Segmental analysis (continued)

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

	2024 AED'000	2023 AED'000
Total profit for reportable segments	**378,499**	520,433
Unallocated amounts		
Other operating income / (expenses)	**2,951**	(142,560)
Net finance income, net	**(59,616)**	(78,297)
Profit for the year	**321,834**	299,576
Non-controlling interests	**(30,560)**	(38,568)
Profit for the year attributable to the owners of the Company	**291,274**	261,008

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

	2024 AED'000	2023 AED'000
Segment Assets		
Agri Business Division	**522,141**	624,172
Consumer Business Division	**3,149,717**	3,061,168
Total assets for reportable segments	**3,671,858**	3,685,340
Other unallocated amounts	**2,931,821**	2,954,972
Total assets	**6,603,679**	6,640,312
Segment Liabilities		
Agri Business Division	**493,147**	519,967
Consumer Business Division	**1,552,591**	1,362,709
Total liabilities for reportable segments	**2,045,738**	1,882,676
Other unallocated amounts	**1,564,713**	1,564,089
Total liabilities	**3,610,451**	3,446,765

36 Acquisition of non-controlling interests

Abu Auf Holding Netherlands B.V.
On 29 February 2024, the Group acquired an additional 10% ownership interest in Abu Auf Holding Netherlands B.V., increasing its ownership interest from 60% to 70%. Cash consideration of AED 82,117 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Abu Auf Netherlands B.V. (excluding goodwill on the original acquisition) was AED 18,479 thousand. Following is a schedule of additional interest acquired in Abu Auf Netherlands B.V.:

	29 February 2024 AED'000 (unaudited)
Cash consideration paid to non-controlling shareholders	**82,117**
Carrying value of the additional interest in Abu Auf Netherlands B.V.	**(18,479)**
Difference recognised in retained earnings	**63,638**

Baklawa Made Better Investments LLC "BMB"
On 4 April 2024, the Group has increased its economic interest in BMB from 80% to 100% in return of AED 47,101 thousand to be paid on 2 tranches to the non-controlling interests. Cash consideration of AED 24,494 thousand representing tranche 1 was paid to the non-controlling shareholders. Second tranche payment amounting to AED 22,607 thousand to be paid upon satisfactory delivering certain procedural documentation. The Group determined the fair value of the contingent consideration at the year-end continues to be reflective of its fair value at acquisition date. The contingent consideration is classified as a current liability.

The carrying value of the net assets of BMB (excluding goodwill on the original acquisition) was AED 52,939 thousand. Following is a schedule of additional interest acquired in BMB:

	4 April 2024 AED'000 (unaudited)
Cash consideration paid to non-controlling shareholders (Tranche 1)	**24,494**
Contingent considerations (Tranche 2)	**22,607**
Total considerations	**47,101**
Carrying value of the additional interest in BMB	**(52,939)**
Difference recognised in retained earnings	**(5,838)**

Ismailia Agricultural and Industrial Investment "Atyab"
On 30 May 2024, the Group acquired an additional 24.98% ownership interest in Atyab, increasing its ownership interest from 75.02% to 100%. Cash consideration of AED 114,111 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Atyab (excluding goodwill on the original acquisition) was AED 48,824 thousand. Following is a schedule of additional interest acquired in Atyab:

	30 May 2024 AED'000 (unaudited)
Cash consideration paid to non-controlling shareholders	**114,111**
Carrying value of the additional interest in Atyab	**(48,824)**
Difference recognised in retained earnings	**65,287**

37 Subsequent events

Subsequent to the reporting period and on 20 February 2025, the Company's Board of Directors has approved the purchase of additional 10% ownership stake owned by multiple non-controlling interests ("Seller" - minority shareholder) in Abu Auf Netherlands, for a consideration of AED 129,171 thousand (equivalent to USD 35,168 thousand). The completion of the transfer of shares from Seller to the Company will increase the ownership stake of the Company in Abu Auf Netherlands from 70% to 80%. Relevant agreements and execution of respective legal matters in respect of the purchase are still ongoing.