

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for the six-month
period ended 30 June 2020**

AGTHIA GROUP PJSC

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AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

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

In the first half of 2020, Agthia Group demonstrated resilience and agility in dealing with the uncertainty imposed by the COVID-19 pandemic and its influence on the operational environment across our markets. Enforcement of lockdowns and movement restrictions caused business disruptions, logistics transformation and changed consumer demand patterns. In response, we reprioritized our resource allocation across our flexible supply chain to ensure business continuity and products availability at appropriate cost. We increased stocks of essential F&B products, accelerated our e-commerce presence and doubled the number of delivery trucks for home delivery service to cater for the consumer needs and support the community while adhering to the highest standards of quality and safety. We continued to stand by the consumer trust and loyalty in our brands. This has been proven by (i) a sustainable leading market position across core categories despite headwinds, coupled with (ii) Al Ain Water, our flagship brand, ranking number one most chosen beverage brand in the UAE and number six most chosen FMCG brand in the overall UAE market as per ¹Kantar's Brand Footprint Ranking 2020.

The Group generated AED 1.09 billion net revenues during the first half of 2020, equivalent to 2.6 percent y-o-y growth. Net revenue contribution by consumer-businesses—Water, Beverages, Dairy, Tomato Paste & Frozen Vegetables (TP&FV), Bakery, and Trading Items—reached 54 percent whereas agri-businesses—Flour and Animal Feed—generated the remaining 46 percent of the Group's revenue.

Agri-business revenues stood at AED 506 million, recording a 9 percent y-o-y growth. Flour segment revenues of AED 265 million went up by 29 percent versus last year on higher domestic volume, export sales and wheat trading. Animal Feed revenues lagged 7 percent behind last year on lower grain sales and lessened local demand amid new controls to restrict commercial farms from trading subsidized animal feed in the open market.

Consumer-business revenues came in at AED 584 million, implying a 2 percent y-o-y dip. Water & Beverage segment revenues came in at AED 412 million. In the UAE, our 5-gallon home and office distribution (HOD) business grew by 8 percent y-o-y on higher demand particularly from homes which overcompensated headwinds in the corporates channel. Our bottled water sales, on the other hand, recorded a descent in volume on lower consumption from

¹ Kantar Brand Footprint Rankings are based on Consumer Reach Points (CPR) and factor in the number of households in the country, the % of households buying the brand and the number of interactions with the brand per year



restrained tourism and COVID-19 impact on the food service channel. Nevertheless, Agthia's water portfolio—Al Ain Water, Al Bayan, and Alpin— preserved a leading market position in the retail channel with respective volume and value shares at 29.1 and 26.1 percent². Kuwaiti operations continued to perform well, whereas KSA sales were largely hit by the enforced short-term reality of void religious tourism and elevated movement restrictions in the Western region while reflecting on our adopted strategy of improving quality of credit sales. Food segment net revenue recorded a remarkable growth of 27 percent driven by boosted demand for Trading Items and TP&FV in both UAE and Egypt in response to COVID-19.

Group net profit³ prevailed at AED 42 million. Enhanced agri-business profitability, cost optimization and excluding the one-off tax credit recorded in Turkey last year marginally lessen the aggregate impact of (i) the unfavorable sales mix with lower volumes from the bottled water category in both UAE and KSA, (ii) bad debt provisioning against longer collection days in international markets and (iii) extra manufacturing and logistics costs borne to guarantee business continuity amidst unprecedented times. As we navigate through these challenges, we opted for conservative strategic decisions that we anticipate will benefit the business in the longer run.

Our resilience is further underpinned by our robust balance sheet and liquidity position. Group total assets as of 30 June 2020 stood at AED 3.2 billion, up 3.4 percent versus year-end 2019 in tandem with the upsurge in cash balance and higher receivables following the sales tilt towards Modern Trade channel. Group shareholders' equity stood at AED 1.9 billion for the period.

On behalf of the Board members, I would like to welcome Alan Smith as CEO of Agthia Group and sincerely thank H.E. Engineer Jamal Salem Al Dhaheri for his steadfast leadership during the transition period in his role as Acting CEO. Amid ongoing changes and uncertain times, I salute management's efforts in safeguarding the overall operations whilst protecting the health and safety of our employees and consumers.



Khalifa Sultan Al Suwaidi
Chairman
28 July 2020



² AC Nielsen retail May 2020 submission – MAT 2020

³ Attributable to shareholders



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF AGTHIA GROUP PJSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as (the “Group”) as at 30 June 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Obada Alkowitz
Registration No. 1056
28 July 2020
Abu Dhabi
United Arab Emirates

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

	Notes	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		74,490	75,538
Property, plant and equipment	6	1,083,536	1,101,670
Advances for property, plant and equipment	6	197	2,849
Goodwill	7	275,933	275,933
Intangible assets	8	80,717	82,908
		<hr/>	<hr/>
Total non-current assets		1,514,873	1,538,898
		<hr/>	<hr/>
Current assets			
Inventories	9	334,317	335,900
Trade and other receivables	10	639,214	580,307
Government compensation receivable		30,382	27,782
Due from related parties	14	401	1,115
Cash and bank balances	11	709,616	637,234
		<hr/>	<hr/>
Total current assets		1,713,930	1,582,338
		<hr/>	<hr/>
Total assets		3,228,803	3,121,236
		<hr/> <hr/>	<hr/> <hr/>


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

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

	Notes	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		600,000	600,000
Legal reserve		202,212	202,212
Translation reserve		(62,759)	(57,475)
Retained earnings		1,163,759	1,216,448
Equity attributable to the owners of the Company		1,903,212	1,961,185
Non-controlling interests		28,772	28,535
Total equity		1,931,984	1,989,720
Non-current liabilities			
Provision for employees' end of service benefits		85,484	80,458
Bank borrowings	12	231,578	8,115
Lease liabilities		54,894	57,098
Total non-current liabilities		371,956	145,671
Current liabilities			
Bank borrowings	12	404,730	513,437
Lease liabilities		19,170	16,932
Trade and other payables	13	495,158	446,191
Due to a related party	14	5,805	9,285
Total current liabilities		924,863	985,845
Total liabilities		1,296,819	1,131,516
Total equity and liabilities		3,228,803	3,121,236

To the best of our knowledge, the condensed consolidated financial statements present fairly in all material respects the financial condition, financial performance and cash flows of the Group as of, and for, the period / year presented therein.

These condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 28th July 2020 and signed on its behalf:


Khalifa Sultan Al Suwaidi
Chairman


Alan Smith
Chief Executive Officer


Amnfar Al Ghoul
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the six-month period ended 30 June 2020**

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2020 AED'000	2019 AED'000	2020 AED'000	2019 AED'000
Revenue		518,775	554,737	1,089,672	1,062,317
Cost of sales		(355,672)	(378,338)	(756,111)	(726,544)
Gross profit		163,103	176,399	333,561	335,773
Selling and distribution expenses		(90,421)	(93,859)	(187,396)	(181,842)
General and administrative expenses		(55,236)	(40,207)	(103,373)	(78,398)
Research and development cost		(1,853)	(1,814)	(3,900)	(3,476)
Other income, net		509	2,094	1,615	4,488
Operating profit		16,102	42,613	40,507	76,545
Finance income		4,549	8,875	11,138	14,526
Finance expense		(4,068)	(6,880)	(8,065)	(11,747)
Profit for the period before income tax and zakat		16,583	44,608	43,580	79,324
Income tax and zakat (expense)/ credit		(405)	(518)	(601)	4,011
Profit for the period		16,178	44,090	42,979	83,335
Attributable to:					
Owners of the Company		15,626	44,110	42,263	84,056
Non-controlling interests		552	(20)	716	(721)
		16,178	44,090	42,979	83,335
Basic and diluted earnings per share (AED)	15	0.026	0.074	0.070	0.140

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

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

	Three-month period ended 30 June		Six-month period ended 30 June	
	2020	2019	2020	2019
	AED'000	AED'000	AED'000	AED'000
Profit for the period	16,178	44,090	42,979	83,335
Other comprehensive income:				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	(787)	199	(5,727)	(1,531)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	(4,988)	(2,060)	(4,988)	(4,664)
Other comprehensive loss	(5,775)	(1,861)	(10,715)	(6,195)
Total comprehensive income for the period	10,403	42,229	32,264	77,140
Attributable to:				
Owners of the Company	9,329	42,192	32,027	77,914
Non-controlling interests	1,074	37	237	(774)
	10,403	42,229	32,264	77,140

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

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

	Share Capital AED'000	Legal reserve AED'000	Translation reserve AED'000	Other reserves AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance as at 31 December 2018 (audited)	600,000	188,509	(55,815)	(3,943)	1,193,326	1,922,077	29,643	1,951,720
Profit / (loss) for the period	-	-	-	-	84,056	84,056	(721)	83,335
<i>Other comprehensive income / (loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(1,478)	-	-	(1,478)	(53)	(1,531)
Re-measurement of employees' end of service benefits	-	-	-	(4,664)	-	(4,664)	-	(4,664)
<i>Total comprehensive income / (loss) for the period</i>	-	-	(1,478)	(4,664)	84,056	77,914	(774)	77,140
Dividend for the year 2018 (note 20)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Balance as at 30 June 2019 (unaudited)	600,000	188,509	(57,293)	(8,607)	1,187,382	1,909,991	28,869	1,938,860
Balance as at 31 December 2019 (audited)	600,000	202,212	(57,475)	-	1,216,448	1,961,185	28,535	1,989,720
Profit for the period	-	-	-	-	42,263	42,263	716	42,979
<i>Other comprehensive income / (loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	(5,284)	-	-	(5,284)	(443)	(5,727)
Re-measurement of employees' end of service benefits	-	-	-	-	(4,952)	(4,952)	(36)	(4,988)
<i>Total comprehensive income / (loss) for the period</i>	-	-	(5,284)	-	37,311	32,027	237	32,264
Dividend for the year 2019 (note 20)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Balance as at 30 June 2020 (unaudited)	600,000	202,212	(62,759)	-	1,163,759	1,903,212	28,772	1,931,984

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

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

	Notes	Six-month period ended 30 June	
		2020 AED'000	2019 AED'000
Cash flows from operating activities			
Profit for the period		42,979	83,335
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	55,528	52,579
Amortisation of intangible assets	8	1,231	1,241
Amortisation of right-of-use assets		12,333	9,237
Finance income		(11,138)	(9,881)
Finance expense	12	7,938	11,747
Provision for employees' end of service benefits		6,189	5,900
Movement in allowance for impairment losses of trade receivables, net	10	19,955	2,682
Loss / (gain) on sale of property, plant and equipment	6	320	(405)
Income tax and zakat expenses / (credit)		601	(4,011)
Interest paid on lease liabilities		1,599	963
Movement in provision for slow moving inventory, net	9	3,118	2,172
Other financial assets, net		-	(3,517)
Property, plant and equipment written off	6	-	988
Net cash from operating activities before movement in working capital		140,653	153,030
<i>Change in:</i>			
Inventories		(1,535)	5,205
Trade and other receivables		(82,285)	(87,997)
Due from related parties		714	(79)
Government compensation receivable		(2,600)	(30,146)
Due to a related party		(3,480)	1,020
Trade and other payables		50,505	(2,363)
Cash generated from operating activities		101,972	38,670
Payment of employees' end of service benefits		(6,127)	(5,414)
Net cash generated from operating activities		95,845	33,256
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(39,157)	(54,887)
Investment in fixed deposits		(401,750)	(296,681)
Proceeds from matured deposits		338,141	281,791
Interest received		14,561	10,918
Proceeds from sale of property, plant and equipment		314	1,654
Net cash used in investing activities		(87,891)	(57,205)
Cash flows from financing activities			
Dividend paid	20	(90,000)	(90,000)
Bank borrowings, net	12	(119,004)	95,323
Interest paid	12	(10,077)	(13,299)
Proceed from long term loans	12	223,463	-
Repayment of principal amount of lease liabilities		(12,900)	(10,888)
Net cash used in financing activities		(8,518)	(18,864)
Decrease in cash and cash equivalents		(564)	(42,813)
Effect of foreign exchange		(960)	226
Cash and cash equivalents as at 1 January		28,833	67,515
Cash and cash equivalents as at 30 June	11	27,309	24,928

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

Notes to the condensed consolidated financial statements for the six-month period ended 30 June 2020

1 General information

Agthia Group PJSC (“the Company”) was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 51% of the Company’s shares which is wholly owned by the Government of Abu Dhabi.

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported condensed consolidated financial results for the period ended 30 June 2020. The Group management continues to monitor the situation closely.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The registered office of the Company is at Al Reem Island, Sky Towers, 17th Floor, P.O. Box 37725, Abu Dhabi, United Arab Emirates.

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

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		30 June 2020	31 December 2019	
Grand Mills Company PJSC	UAE	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC	UAE	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC	Egypt	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Agthia Gurup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi	Turkey	100	100	Production, bottling and sale of bottled water.
Al Bayan Purification and Potable Water LLC	UAE	100	100	Production, bottling and sale of bottled water.
Shaklan Plastic Manufacturing Co. LLC	UAE	100	100	Production of plastic bottles and containers.
Al Manal Purification and Bottling of Mineral Water LLC	Oman	100	100	Production, bottling and sale of bottled water.

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

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		30 June 2020	31 December 2019	
Delta Agthia For Manufacturing Co. Limited Liability Co.	KSA	100	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL	Kuwait	50	50	Production, bottling and sale of bottled water.
Gulf National Forage Company LLC	UAE	51	51	Import and wholesale of fodder.

2 Application of new and revised International Financial Reporting Standards (“IFRSs”)

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

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2020. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Definition of Material - Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Definition of a Business – Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020
Amendments to <i>References to the Conceptual Framework in IFRS Standards</i>	1 January 2020
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> and IFRS 9- <i>Financial Instruments</i>	1 January 2020

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2020.

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

2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)

2.2 New and revised IFRS in issue but not yet effective and not early adopted

The Group has not early adopted the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures (2011)</i>	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements as and when they are applicable and adoption of these new standards and amendments may have no material impact on the condensed consolidated financial statements of the Group in the period of initial application.

3 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and also comply with the applicable requirements of UAE laws and regulations.

These condensed consolidated financial statements are presented in UAE Dirhams (AED) since that is the currency in which the majority of the Group’s transactions are denominated and all values are rounded to the nearest thousand (AED’000) except when otherwise indicated.

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

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the six-months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2019, and the notes attached thereto.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2020 (continued)****5 Accounting estimates and judgements**

The critical judgements and estimates used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. However, as explained in Note 1 above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

6 Property, plant and equipment

During the six-month period ended 30 June 2020, the Group invested in property, plant and equipment for a net amount of AED 39,157 thousand (30 June 2019: AED 54,887 thousand) of which acquisition of assets amounted to AED 41,809 thousand and advances released amounted to AED 2,652 thousand (30 June 2019: assets acquired amounted to AED 54,841 thousand and advances paid amounted to AED 46 thousand).

Assets with a carrying amount of AED 634 thousand were disposed during the six-month period ended 30 June 2020 (30 June 2019: AED 1,249 thousand), resulting in a loss of AED 320 thousand (30 June 2019: gain of AED 405 thousand) which is included in other income. During the period, the Group did not write off any assets (30 June 2019: AED 988 thousand).

Depreciation charge on property, plant and equipment during the six-month period ended 30 June 2020 amounted to AED 55,528 thousand (30 June 2019: AED 52,579 thousand).

7 Goodwill

For the purpose of impairment testing goodwill is allocated to the Group's cash generating units where the Group goodwill is monitored for internal management purposes. Impairment testing is conducted at least on an annual basis or when an indication that the asset has been impaired. During the six-month period ended 30 June 2020, there were no impairment indicators for the goodwill across all cash generating units.

8 Intangible assets

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

The amortisation charge on intangible assets during the six-month period ended 30 June 2020 amounted to AED 1,231 thousand (30 June 2019: AED 1,241 thousand).

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

9 Inventories

During the six-month period ended 30 June 2020, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 9,786 thousand (30 June 2019: AED 3,845 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 6,668 thousand (30 June 2019: AED 1,673 thousand).

10 Trade and other receivables

	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade receivables	595,851	534,744
Allowance for impairment losses	(75,820)	(55,865)
	<hr/>	<hr/>
	520,031	478,879
Other receivables	66,683	54,802
Prepayments and advances	52,500	46,626
	<hr/>	<hr/>
	639,214	580,307
	<hr/> <hr/>	<hr/> <hr/>

The movement in the allowance for impairment losses in respect of trade receivables during the period / year was as follows:

	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Balance at beginning of the period / year	55,865	27,377
Charge for the period / year	20,472	29,844
Written off during the period / year	(517)	(1,356)
	<hr/>	<hr/>
Balance at end of the period/year	75,820	55,865
	<hr/> <hr/>	<hr/> <hr/>

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

11 Cash and bank balances

	30 June 2020 AED'000 (unaudited)	30 June 2019 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Cash on hand	3,683	3,838	1,903
Current and savings accounts	80,734	78,500	73,741
	<hr/>	<hr/>	<hr/>
Cash and bank balances	84,417	82,338	75,644
Escrow account (for dividend distribution 2009 to 2014)	(25,032)	(26,590)	(25,036)
Bank overdrafts (note 12)	(32,076)	(30,820)	(21,775)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	27,309	24,928	28,833
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	84,417	82,338	75,644
Fixed deposits	625,199	479,951	561,590
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	709,616	562,289	637,234
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits are for a period not more than one year (30 June 2019: not more than one year). Interest earned on these deposits are at prevailing market rates. The carrying amounts on these deposits are approximate to their fair value.

Escrow account represents amounts set aside for payment of dividend. Equivalent amount has been recorded as liability in trade and other payables. This restricted cash balance has not been included in the cash and cash equivalents for the purpose of condensed consolidated statement of cash flows.

Balances with banks are assessed to have low credit risk of default. Accordingly, management estimates the loss allowance on balances with banks at the end of the reporting period to an amount equal to 12 month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, management anticipates that there is no impairment, and hence have not recorded any loss allowances on these balances.

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

12 Bank borrowings

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

	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Current liabilities:		
Credit facilities	314,133	281,755
Short term loans	43,091	36,489
Bank overdrafts	32,076	21,775
Term loans	15,430	173,418
	<hr/> 404,730 <hr/>	<hr/> 513,437 <hr/>
Non-current liabilities		
Term loans	231,578	8,115
	<hr/> 231,578 <hr/>	<hr/> 8,115 <hr/>

Terms and repayment schedule

Amounts in AED'000

	Currency	Interest Rate	Year of maturity	30 June 2020 (unaudited)		31 December 2019 (audited)	
				Face value /limit	Carrying amount	Face value /limit	Carrying amount
Short term loans / bank overdrafts	USD/ AED/ EGP/ KWD/ TRY / SAR	LIBOR/ EIBOR/KIBOR /SAIBOR/ mid corridor rate + margin *	2020	359,975	75,167	260,325	58,264
Credit facilities**	USD/ AED	LIBOR/ EIBOR + margin *	2020	730,525	314,133	730,525	281,755
Term loan 1***	USD	LIBOR+ margin*	2020	-	-	165,303	165,303
Term loan 2****	USD	LIBOR+ margin*	2025	183,670	183,670	-	-
Term loan 3*****	KWD	KIBOR + margin*	2022	17,137	14,388	17,137	16,230
Term loan 4*****	SAR	SAIBOR + margin *	2025	48,950	48,950	48,950	-
Total				<hr/> 1,340,257 <hr/>	<hr/> 636,308 <hr/>	<hr/> 1,222,240 <hr/>	<hr/> 521,552 <hr/>

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

12 Bank borrowings (continued)

* Margin on the above loans and facilities varies from 0.4 % - 1.1 % (2019: 0.40 % - 0.95%) for UAE and 0.5 % - 3 % (2019: 0.50 % - 3 %) for overseas credit facilities.

** Credit facilities mainly include facilities with face value AED 350,000 thousand (2019: 350,000 thousand) and credit facility (Capex) of face value AED 15,000 thousand (2019: AED 15,000 thousand) which are secured by a floating charge over the current assets, inventory and receivables of the Group.

*** The Group had a long-term loan of AED 165,303 thousand for a tenure of five years. The loan was secured by floating charges over the current assets, inventory and receivables of the Group. The Group settled this loan in full during 2020.

**** The Group has availed a long-term loan of AED 183,670 thousand (equivalent to USD 50,000 thousand) for a tenure of five years repayable in 2025. The loan payment term is a bullet repayment at maturity.

***** One of the Group's subsidiaries, availed a loan of AED 21,209 thousand (equivalent to KWD 1,750 thousand) for a tenure of four years repayable in 2022. The loan is secured by corporate guarantee of 50% from the Group and the remaining 50% from a third party.

***** One of the Group's subsidiaries, availed a long term facility of AED 48,950 thousand (equivalent to SAR 50,000 thousand) for a tenure of five years repayable in 2025. The facility is secured by corporate guarantee of 100% from the Group.

Changes in the Group's liabilities arising from financing activities, which are those for which cash flows were, or future cash flows will be classified in the Group's condensed consolidated statement of cash flows as cash flows from financing activities are as follows:

	30 June 2020 AED'000	31 December 2019 AED'000
<i>Changes from financing cash flows related to borrowing</i>		
Opening balance	521,552	520,061
Proceeds / (settlement) of long term loans, net	223,463	(6,501)
Settlement from other borrowings excluding overdrafts, net	(119,008)	(1,915)
Interest paid	(10,077)	(21,226)
	<hr/>	<hr/>
Total changes from financing cash flows	94,378	(29,642)
	<hr/>	<hr/>
<i>Other changes / liability related</i>		
Interest expense	7,938	20,496
Changes in overdrafts and accruals	12,440	10,637
	<hr/>	<hr/>
Total liability related other changes	20,378	31,133
	<hr/>	<hr/>
Closing balance	636,308	521,552
	<hr/> <hr/>	<hr/> <hr/>

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

13 Trade and other payables

	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade payables	135,139	137,384
Accrued expenses	231,370	198,196
Other payables	128,649	110,611
	<hr/> 495,158 <hr/>	<hr/> 446,191 <hr/>

14 Balances and transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties comprise major shareholders, key management personnel, Board of Directors and their related companies.

In the normal course of business, the Group had various transactions with its related parties.

a) Key management personnel compensation

Key management personnel compensation for the period was as follows:

	Three month-period ended		Six month-period ended	
	30 June 2020 AED'000 (unaudited)	30 June 2019 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2019 AED'000 (unaudited)
Short term employment benefits	4,120	5,075	9,352	9,456
Long term employment benefits	1,235	1,174	2,445	2,092
	<hr/> 5,355 <hr/>	<hr/> 6,249 <hr/>	<hr/> 11,797 <hr/>	<hr/> 11,548 <hr/>

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

14 Balances and transactions with related parties (continued)

b) Amounts due from related parties

	30 June 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
<i>General Holding Corporation PJSC (SENAAT) – parent company</i>		
Opening balance (credit)	748	(404)
Sales	514	1,167
Collections	(1,147)	-
Expenses recharged	(15)	(15)
	<hr/>	<hr/>
Closing balance	100	748
<i>Emirates Iron & Steel Company LLC – affiliated company</i>		
Opening balance	220	84
Sales	237	653
Collections	(322)	(517)
	<hr/>	<hr/>
Closing balance	135	220
<i>Dubai Cable Company (Private) Limited - affiliated company</i>		
Opening balance	147	110
Sales	72	197
Collections	(53)	(160)
	<hr/>	<hr/>
Closing balance	166	147
	<hr/>	<hr/>
Total amount due from related parties	401	1,115
	<hr/> <hr/>	<hr/> <hr/>

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

14 Balances and transactions with related parties (continued)

c) Amounts due to a related party

	30 June 2020 AED'000	31 December 2019 AED'000
<i>Al Foah Company LLC – affiliated company</i>		
Opening balance	9,285	2,204
Purchases	4,194	21,768
Payments	(7,674)	(14,687)
	<hr/>	<hr/>
Closing balance	5,805	9,285
	<hr/> <hr/>	<hr/> <hr/>

15 Basic and diluted earnings per share

	Three month-period ended		Six month-period ended	
	30 June 2020 (unaudited)	30 June 2019 (unaudited)	30 June 2020 (unaudited)	30 June 2019 (unaudited)
Profit for the period attributable to the Owners of the Company (AED'000)	15,626	44,110	42,263	84,056
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares in issue throughout the period ('000)	600,000	600,000	600,000	600,000
	<hr/>	<hr/>	<hr/>	<hr/>
Basic and diluted earnings per share (AED)	0.026	0.074	0.070	0.140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

As of 30 June 2020 and 2019, the Group has not issued any instruments that have an impact on basic and diluted earnings per share when exercised.

During the Annual General Assembly held on 24 March 2016, the shareholders' approved resolutions for authorised capital of AED 1 billion. On 9 February 2020, the shareholders approved resolutions to increase the authorised capital to AED 1.2 billion, keeping the issued and paid up capital of AED 600,000 thousand.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2020 (continued)****16 Segmental analysis**

The Group has two reportable segments, as described below. Reportable segments offer different products and services and are managed separately because they require different technology and operational marketing strategies. For each of the strategic business units, the Group's executive management reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segment:

Agri Business Division ("ABD")

- Flour and Animal Feed includes manufacturing and distribution of flour and animal feed.

Consumer Business Division ("CBD")

- Bottled Water and Beverages include manufacturing and distribution of drinking water, water based drinks and juices. The Group's business operations with a similar nature of Bottled Water are as follows:
 - Business operations in the Republic of Turkey, represented by Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi, is production, bottling and sale of bottled water;
 - Business operations in the United Arab Emirates, represented by, Al Bayan Purification and Potable Water LLC, is manufacturing and distribution of drinking water;
 - Part of United Arab Emirates business operations, represented by Al Ain Food & Beverages PJSC, is manufacturing and distribution of drinking water, flavored water, and juices;
 - Business operations in the State of Kuwait, represented by Al Rammah National for General Trading and Contracting Company WLL, is manufacturing and distribution of drinking water; and
 - Business operations in the Kingdom of Saudi Arabia, represented by Delta Agthia For Manufacturing Co. Limited Liability Co., is manufacturing and distribution of drinking water.
- Food includes manufacturing and distribution of tomato and chili paste, fruit concentrate, frozen vegetables, fresh dairy products and frozen baked products. The Group's business operations with a similar nature of Food are as follows:
 - Business operations in the Arab Republic of Egypt, represented by Agthia Group Egypt LLC, is processing and sale of tomato paste, chili paste, fruit concentrates, and frozen vegetables; and
 - Part of the business operations in the United Arab Emirates, represented by Al Ain Food & Beverages PJSC, is manufacturing and distribution of yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit, as included in the internal management reports data reviewed by the Group's executive management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

16 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)				CBD Total		Total	
	<i>Flour and animal feed</i>	<i>Bottled water and beverages</i>	<i>Food</i>							
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)	AED'000 (unaudited)
Revenues	522,953	465,385	418,784	466,894	180,487	142,024	599,271	608,918	1,122,224	1,074,303
Intra-group	(17,238)	-	(7,166)	(5,818)	(8,148)	(6,168)	(15,314)	(11,986)	(32,552)	(11,986)
External revenues	505,715	465,385	411,618	461,076	172,339	135,856	583,957	596,932	1,089,672	1,062,317
Gross profit	120,295	103,238	186,907	213,785	32,206	22,474	219,113	236,259	339,408	339,497
Reportable segment profit	68,181	58,724	320	57,456	12,858	4,824	13,178	62,280	81,359	121,004
<i>Material non-cash item</i>										
Impairment losses on trade receivables, net	4,459	1,218	16,013	1,536	-	-	16,013	1,536	20,472	2,754

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

16 Segmental analysis (continued)

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

Gross profit for the six-month period ended

	Six-month period ended	
	30 June 2020 (unaudited) AED'000	30 June 2019 (unaudited) AED'000
Total gross profit for reportable segments	339,408	339,497
Unallocated gross loss	(5,847)	(3,724)
Consolidated gross profit for the period	333,561	335,773

Profit for the six-month period ended

	Six-month period ended	
	30 June 2020 (unaudited) AED'000	30 June 2019 (unaudited) AED'000
Total profit for reportable segments	81,359	121,004
<u>Unallocated amounts</u>		
Other operating expenses	(44,460)	(37,706)
Net finance income	6,080	37
Consolidated profit for the period	42,979	83,335
Non-controlling interests	(716)	721
Consolidated profit for the period attributable to the Owners of the Company	42,263	84,056

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

16 Segmental analysis (continued)

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

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Segment Assets		
Agri Business Division	558,158	565,356
Consumer Business Division	1,605,153	1,552,100
	<hr/>	<hr/>
Total assets for reportable segments	2,163,311	2,117,456
Other unallocated amounts	1,065,492	1,003,780
	<hr/>	<hr/>
Total assets	3,228,803	3,121,236
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Agri Business Division	181,189	160,672
Consumer Business Division	508,434	416,536
	<hr/>	<hr/>
Total liabilities for reportable segments	689,623	577,208
Other unallocated amounts	607,196	554,308
	<hr/>	<hr/>
Total liabilities	1,296,819	1,131,516
	<hr/> <hr/>	<hr/> <hr/>

17 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2020 and 2019.

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

18 Contingent liabilities and commitments

	30 June 2020 (unaudited) AED'000	31 December 2019 (audited) AED'000
Bank guarantees	19,497	20,090
Letters of credit	21,855	71,736
Capital commitments	61,882	42,044

The above guarantees and letters of credits were issued in the normal course of business. These include deferred payment credit, performance bonds, tender bonds, deferred payment bills, inward bill and margin deposit guarantees.

19 Fair value of financial instruments

The Group does not have any financial instruments being measured at fair value at each period / year presented of its condensed consolidated statement of financial position.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants as at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value hierarchy levels have been defined as follows:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

The Group's management considers that the fair values of its financial assets and financial liabilities that are not measured at fair value approximates to their carrying amounts as stated in the condensed consolidated statement of financial position.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2020 (continued)****20 Dividend**

At the Annual General Meeting held on 16 April 2020, the shareholders' approved payment of AED 90,000 thousand for the year ended 31 December 2019 (at the Annual General Meeting held on 28 March 2019 approved payment of AED 90,000 thousand for the year ended 31 December 2018) as cash dividend which represents 15% (2018: 15%) of the issued and paid up share capital of the Company.