

AGTHIA GROUP PJSC

**Reports and interim condensed consolidated
financial statements for the six-month
period ended 30 June 2022**

AGTHIA GROUP PJSC

Reports and interim condensed consolidated financial statements for the six-month period ended 30 June 2022

	Pages
Directors' Report	1 - 3
Report on review of interim financial information	4
Interim condensed consolidated statement of financial position	5 - 6
Interim condensed consolidated statement of profit or loss	7
Interim condensed consolidated statement of comprehensive income	8
Interim condensed consolidated statement of changes in equity	9
Interim condensed consolidated statement of cash flows	10
Notes to the interim condensed consolidated financial statements	11 - 30

AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Directors' Report and condensed consolidated financial statements of Agthia Group PJSC (the "Company") and its subsidiaries (the "Group") for the period ended 30 June 2022.

In the first half of 2022, we continued focusing on our transformational journey in the face of the ongoing market volatility and inflationary environment. On one hand, we are proactively managing cost and supply chain disruptions by broad based pricing, optimizing our product and channel mix, and accelerating synergy extraction from the seamless integration of the acquired entities. On the other hand, we continue to invest in top-line growth and improved customer value proposition:

- **Acquisition of Auf Group in Egypt¹:** In July, the board approved the acquisition of 60% of Auf Group, a specialized healthy snacks and coffee manufacturer and retailer in Egypt. The acquisition allows Agthia to further penetrate one of the region's fastest-growing markets while also boosting the snacking vertical and strengthening the consumer business by providing immediate access to new revenue streams and product lines.
- **Expansion of the protein business in KSA:** The board approved an AED 90 million investment for the construction of a manufacturing facility for one of Agthia's protein brands, in Jeddah KSA in response to the strong demand from local customers. The expansion will strengthen Agthia's footprint in the Kingdom, support further growth of the protein vertical and contribute to the establishment of Agthia as one of the leading consumer packaged goods players in the MENA region.
- **International recognition of Agthia product quality:** Seven of Agthia's products won the 2022 Superior Taste Award granted by the International Taste Institute in Belgium. This is a recognition of our continued efforts to innovate and deliver superior customer value proposition.

In line with our semi-annual dividend distribution policy, the board today recommends 8.25 fils dividends per share for the first half of 2022, subject to shareholders and regulatory approvals.

First half of 2022 Highlights

During the first half of 2022, Agthia achieved **Group net revenues** of AED 2.0 billion, representing 51% y-o-y growth and reflecting the consolidation of all five acquisitions announced in 2021. The Protein & Frozen segment contributed 29%, Snacking segment 21%, Water & Beverage and Other Food items segment 23%, and Agri segment 27% to H1 2022 Group revenues.

Consumer business division (CBD), under which the newly acquired entities are consolidated, recorded 71% of revenue growth y-o-y. With revenue of AED 1.5 billion, CBD now encompasses 73% of total group sales, in line with our strategy of diversifying our revenue streams towards higher growth consumer goods categories.

- **Protein & Frozen:** Revenue of AED 570 million during H1 2022, of which AED 493 million contributed by the consolidation of newly acquired protein businesses in Jordan and Egypt. Both businesses recorded double digit sales growth versus the same period last year, driven by higher volume and selling prices. Overall segment margin improved on the back of the above-mentioned accretive acquisitions. The segment faced headwinds in the form of higher raw material and freight costs,

¹ The acquisition is subject to satisfying customary closing conditions, including obtaining relevant regulatory approvals.

which had a more evident impact on the margins of the protein business in Jordan, due to its exposure to food service channel; and the devaluation of the Egyptian Pound in late March, which adversely impacted the expected contribution from Egypt operations.

- **Snacking:** Revenues of AED 417 million reflect the consolidation of BMB which contributed AED 149 million and the discontinuation of our frozen and ambient Bakery business in the UAE. Both dates and Kuwait bakery businesses recorded higher y-o-y top-line growth - the former benefitted from our focus on improving product and channel mix contributing to higher sales during off-season periods, and the latter from the opening of schools. Overall profitability for the segment improved on continued cost optimization and synergies, which more than offset higher raw and packaging material costs.
- **Water & Other Food:**
 - **Water & Beverage:** Revenues of AED 382 million, broadly in line with last year's on the back of improved performance in the UAE, Kuwait, Oman and Turkey countered by lower KSA sales due to competition and to the discontinuation of the loss-making Beverage business (lost sales of AED 8.5 million). UAE water (Bottled Water + 5-gallon HOD) recorded higher sales during the period, largely driven by rebound in volumes across retail and food services channels for bottled water and across home and corporates for 5-gallon HOD. In the retail channel, Agthia's bottled water portfolio continues to preserve market leadership at a respective 28.5% and 28.2% volume and value shares², despite the highly competitive environment. The impact of higher PET resin prices, packaging material and transportation costs continues to linger on water segment profitability. Additionally, the ongoing restructuring of the Saudi water business will continue to weigh down segment profitability in the short term.
 - **Other Food items** (Dairy and Trading Items): Other Food Items recorded sales of AED 93 million, up 4% relative to the same period last year, driven by favorable mix management, strategic pricing activations and competitive promotions.

Agri-business division (ABD): Revenues of AED 534 million, achieving a 15% growth y-o-y. Despite inflation in grain prices and freight costs, the profitability of the segment improved, driven by operational efficiencies, pricing adjustments, as well as an inflation-adjustment compensation in the subsidized flour segment.

Group net profit³ in the first half of 2022 reached AED 118 million, growing 74% y-o-y, at a higher rate versus top-line. This is mainly driven by the consolidation of margin-accretive acquisitions and cost optimization initiatives relating to business integration and productivity enhancements.

Total group assets as of 30 June 2022 reached AED 6.3 billion. **Total shareholders' equity** stood at AED 2.8 billion.

² AC Nielsen retail audit for bottled water excluding mineral water - MAT May 2022 submission

³ Attributable to shareholders

Second quarter of 2022 Highlights

During the second quarter of 2022, **Group net revenues** reached AED 0.94 billion, up 44% y-o-y on the consolidation of the five acquisitions announced in 2021. The Protein & Frozen segment contributed 29%, Snacking segment 17%, Water & Beverage and Other Food items segment 26%, and Agri segment 28% to Q2 2022 Group revenues.

Consumer business division (CBD) recorded significant growth of 59% versus last year. With revenues of AED 675 million, CBD constitutes 72% of total group sales as we continue to adopt a more consumer-centric business model.

- **Protein & Frozen:** Revenue of AED 276 million during Q2 2022, of which AED 240 million contributed by the acquisitions of Nabil Foods in Jordan and Atyab in Egypt. The same period last year reflected only AED 85 million of Nabil Foods revenues, given that Atyab inclusion was only effective starting August 1st 2021. It is worth noting that the Jordanian business recorded higher sales y-o-y driven by higher volumes from the food service channel and higher selling prices in response to raw material inflation.
- **Snacking:** Revenues of AED 162 million, of which AED 73 million was contributed by the acquisition of BMB. Top-line performance excludes frozen and ambient Bakery operations in the UAE, which were discontinued. Both dates and Kuwait bakery recorded higher y-o-y top-line growth versus the same period last year. Our efforts towards product and channel mix improvements at the dates business resulted in the company reaching profitability in the period, despite the historical seasonal trend of negative profit on the back of lower sales in Q2.
- **Water & Other Food items:**
 - **Water & Beverage:** Revenues of AED 197 million in line with last year's on the back of strong performance in the UAE, Kuwait, Oman and Turkey and lower than expected KSA sales impacted by competition and lost sales from the strategic decision to discontinue the loss-making Beverage business (lost sales of AED 1.2 million).
 - **Other Food items (Dairy and Trading Items):** Other Food Items recorded sales of AED 40 million, relatively flat versus same period last year.

Agri-business division (ABD) revenues in Q2 stood at AED 267 million, up 17% versus the same period last year. The adverse impact of higher wheat prices on the subsidized municipality channel observed since the beginning of this year was recovered in Q2 2022.

Group net profit⁴ reached AED 36 million in Q2 2022, a 96% growth y-o-y. Net Profit growth was almost double the revenue growth rate, largely due to the consolidation and integration of the margin-accretive acquisitions.

In summary, I am pleased with the progress we have made so far in delivering on our strategy, while integrating the newly acquired companies and navigating an uncertain inflationary environment. We remain committed to a continued improvement in our customer value proposition and on delivering enhanced value to our shareholders and the communities we operate in.



Khalifa Sultan Al Suwaidi

Chairman

04 August 2022

⁴ 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 interim 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 2022 and the related interim 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.

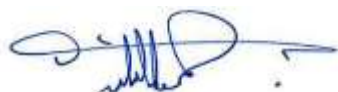
Scope of review

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.)



Mohammad Khamees Al Tah
Registration Number 717
4 August 2022
Abu Dhabi
United Arab Emirates

**Interim condensed consolidated statement of financial position
as at 30 June 2022**

	Notes	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		94,352	109,444
Property, plant and equipment	6	1,465,257	1,500,436
Investment in an associate and a joint venture	7	20,287	24,251
Goodwill	8	1,646,032	1,646,032
Intangible assets	9	426,662	439,110
Total non-current assets		3,652,590	3,719,273
Current assets			
Inventories	10	593,790	708,241
Trade and other receivables	11	828,179	813,044
Government compensation receivable	12	45,219	10,283
Due from related parties	17	22,079	14,778
Cash and bank balances	13	1,169,910	1,123,257
Total current assets		2,659,177	2,669,603
Total assets		6,311,767	6,388,876


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

**Interim condensed consolidated statement of financial position
as at 30 June 2022 (continued)**

	Notes	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital		791,577	791,577
Share premium		652,097	652,097
Legal reserve		227,263	227,263
Translation reserve		(106,318)	(77,742)
Retained earnings		1,233,007	1,166,698
		<hr/>	<hr/>
Equity attributable to the owners of the Company		2,797,626	2,759,893
Non-controlling interests		206,006	198,626
		<hr/>	<hr/>
Total equity		3,003,632	2,958,519
Non-current liabilities			
Provision for employees' end of service benefits		111,841	123,817
Bank borrowings	14	1,623,393	1,636,953
Lease liabilities		61,887	74,107
Deferred government grant	15	26,508	28,940
		<hr/>	<hr/>
Total non-current liabilities		1,823,629	1,863,817
Current liabilities			
Bank borrowings	14	519,122	422,224
Lease liabilities		30,908	33,092
Deferred government grant	15	9,118	11,245
Trade and other payables	16	823,662	976,283
Contingent considerations	24	101,696	123,696
		<hr/>	<hr/>
Total current liabilities		1,484,506	1,566,540
		<hr/>	<hr/>
Total liabilities		3,308,135	3,430,357
		<hr/>	<hr/>
Total equity and liabilities		6,311,767	6,388,876
		<hr/> <hr/>	<hr/> <hr/>

To the best of our knowledge, the interim 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 interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 4 August 2022 and signed on its behalf:



Khalifa Sultan Al Suwaidi
Chairman



Alan Smith
Chief Executive Officer



Ammar Al Ghoul
Chief Financial Officer

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

**Interim condensed consolidated statement of profit or loss (unaudited)
for the six-month period ended 30 June 2022**

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Revenue		942,481	652,843	1,995,621	1,318,367
Cost of sales		(675,559)	(467,046)	(1,420,434)	(928,285)
Gross profit		266,922	185,797	575,187	390,082
Selling and distribution expenses		(129,665)	(106,105)	(258,273)	(206,359)
General and administrative expenses		(85,484)	(63,080)	(166,946)	(127,100)
Research and development cost		(2,318)	(2,421)	(4,837)	(4,525)
Other income, net		11,675	10,944	17,879	22,868
Operating profit		61,130	25,135	163,010	74,966
Finance income		5,592	4,264	10,844	8,017
Finance expense		(15,948)	(4,819)	(25,765)	(7,662)
Share of profit/(loss) from investment in a joint venture and an associate		557	(2,430)	1,593	(2,742)
Profit for the period before income tax and zakat		51,331	22,150	149,682	72,579
Income tax and zakat expense		(6,861)	(1,444)	(14,451)	(1,837)
Profit for the period		44,470	20,706	135,231	70,742
Attributable to:					
Owners of the Company		35,906	18,336	118,100	67,920
Non-controlling interests		8,564	2,370	17,131	2,822
		44,470	20,706	135,231	70,742
Basic and diluted earnings per share (AED)	18	0.045	0.025	0.149	0.095

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

**Interim condensed consolidated statement of comprehensive income (unaudited)
for the six-month period ended 30 June 2022**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2022	2021	2021	2020
	AED'000	AED'000	AED'000	AED'000
Profit for the period	44,470	20,706	135,231	70,742
Other comprehensive income:				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	(7,730)	(957)	(35,047)	(3,369)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	5,711	(1,578)	13,616	1,670
Other comprehensive loss	(2,019)	(2,535)	(21,431)	(1,699)
Total comprehensive income for the period	42,451	18,171	113,800	69,043
Attributable to:				
Owners of the Company	35,105	15,674	103,038	65,898
Non-controlling interests	7,346	2,497	10,762	3,145
	42,451	18,171	113,800	69,043

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

**Interim condensed consolidated statement of changes in equity
for the six-month period ended 30 June 2022**

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve 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 2020 (audited)	600,000	-	205,659	(64,254)	1,157,104	1,898,509	29,662	1,928,171
Profit for the period	-	-	-	-	67,920	67,920	2,822	70,742
<i>Other comprehensive income/(loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(3,686)	-	(3,686)	317	(3,369)
Re-measurement of employees' end of service benefits	-	-	-	-	1,664	1,664	6	1,670
<i>Total comprehensive income/(loss) for the period</i>	-	-	-	(3,686)	69,584	65,898	3,145	69,043
Dividend for the year 2020 (note 23)	-	-	-	-	(118,800)	(118,800)	-	(118,800)
Issuance of share capital and share premium	191,577	652,097	-	-	-	843,674	-	843,674
Non-controlling interests acquired	-	-	-	-	-	-	129,902	129,902
Balance as at 30 June 2021 (unaudited)	791,577	652,097	205,659	(67,940)	1,107,888	2,689,281	162,709	2,851,990
Balance as at 31 December 2021 (audited)	791,577	652,097	227,263	(77,742)	1,166,698	2,759,893	198,626	2,958,519
Profit for the period	-	-	-	-	118,100	118,100	17,131	135,231
<i>Other comprehensive income/(loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(28,576)	-	(28,576)	(6,471)	(35,047)
Re-measurement of employees' end of service benefits	-	-	-	-	13,514	13,514	102	13,616
<i>Total comprehensive income/(loss) for the period</i>	-	-	-	(28,576)	131,614	103,038	10,762	113,800
Dividend for the year 2021 (note 23)	-	-	-	-	(65,305)	(65,305)	-	(65,305)
Dividend for Non-controlling interests	-	-	-	-	-	-	(3,382)	(3,382)
Balance as at 30 June 2022 (unaudited)	791,577	652,097	227,263	(106,318)	1,233,007	2,797,626	206,006	3,003,632

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

**Interim condensed consolidated statement of cash flows (unaudited)
for the six-month period ended 30 June 2022**

	Notes	Six-month period ended 30 June	
		2022 AED'000	2021 AED'000
Cash flows from operating activities			
Profit for the period		135,231	70,742
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	79,937	66,817
Amortisation of intangible assets	9	11,725	9,632
Amortisation of right-of-use assets		20,309	15,670
Finance income		(10,844)	(8,017)
Finance expense		22,399	5,990
Provision for employees' end of service benefits		8,601	7,263
Movement in allowance for impairment losses of trade receivables, net	11	3,854	3,699
Gain on sale of property, plant and equipment	6	(1,562)	(81)
Income tax and zakat expenses		14,451	1,837
Interest on lease liabilities		2,956	1,657
Movement in provision for slow moving inventory, net	10	2,143	4,443
Share of (profit)/loss from investment in a joint venture and an associate, net		(1,593)	2,742
Net cash from operating activities before movement in working capital		287,607	182,394
<i>Change in:</i>			
Inventories		112,308	77,219
Trade and other receivables		(16,749)	227,866
Due from related parties		(7,301)	7,900
Government compensation receivable		(34,936)	(48,346)
Deferred government grant		(4,559)	(5,715)
Due to a related party		-	(4,895)
Trade and other payables		(175,046)	(185,466)
Cash generated from operating activities		161,324	250,957
Payment of employees' end of service benefits		(6,810)	(7,025)
Income tax paid		(20,547)	(390)
Net cash generated from operating activities		133,967	243,542
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(70,910)	(48,017)
Investment in fixed deposits, net		129,151	(129,540)
Investment in subsidiaries, net of cash		-	(166,670)
Interest received		8,604	12,652
Dividends received from associates		5,557	-
Proceeds from sale of property, plant and equipment		1,896	373
Net cash generated from/(used in) investing activities		74,298	(331,202)
Cash flows from financing activities			
Dividend paid to shareholders	23	(65,305)	(118,800)
Dividend paid to non-controlling interests		(3,382)	-
Bank borrowings, net		10,388	90,537
Interest paid		(15,878)	(4,935)
Proceed from long term loans	14	-	150,000
Repayment of principal amount of lease liabilities		(26,026)	(17,338)
Net cash (used in)/generated from financing activities		(100,203)	99,464
Increase in cash and cash equivalents		108,062	11,804
Effect of foreign exchange		(5,208)	(1,645)
Cash and cash equivalents as at 1 January		227,863	155,471
Cash and cash equivalents as at 30 June	13	330,717	165,630
Non-cash transaction:			
Acquisition of new subsidiaries through issuance of share capital and share premium		-	843,674

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

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2022

1 General information

Agthia Group PJSC (“the Company”) was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 62.9% of the Company’s shares. Pursuant to Law No (02) of 2018 and Executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company “Public Joint Stock Company” (ADQ) which is wholly owned by the Government of Abu Dhabi.

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported interim condensed consolidated financial results for the period ended 30 June 2022. 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	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		30 June 2022	31 December 2021	30 June 2022	31 December 2021	
Grand Mills Company PJSC (Agri business division)	UAE	100	100	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	100	100	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC (Agthia Egypt)	Egypt	100	100	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		30 June 2022	31 December 2021	30 June 2022	31 December 2021	
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
Ismailia Agricultural and Industrial Investment (Furat) (Atyab)	Egypt	75.02	75.02	75.02	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) (note 24) *	KSA	100	100	80	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) (note 24) *	UAE	100	100	80	80	Manufacturing and trading of sweets and snacking items.

* Represents the Group beneficial ownership after excluding the economic interest of the management party (note 24). Agthia Group legally owns 100% of these companies issued share capital.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”)****2.1 New and revised IFRSs applied with no material effect on the interim 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 2022. 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.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Reference to the Conceptual Framework – Amendments to IFRS 3*
The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)****2.1 New and revised IFRSs applied with no material effect on the interim condensed consolidated financial statements (continued)**

- *IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities*
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.
- *IAS 41 Agriculture – Taxation in fair value measurements*
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

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 2022.

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:

- *Classification of Liabilities as Current or Non-Current - amendments to IAS 1 (effective from 1 January 2023)*. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- *Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011)* relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. (Effective date deferred indefinitely. Adoption is still permitted).
- *Annual Improvements to IFRS Standards 2018–2020 (effective from 1 January 2022)*. The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from 1 January 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from 1 January 2022).
- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from 1 January 2023)*. The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (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 (continued)**

- *Definition of Accounting Estimates - Amendments to IAS 8 (effective from 1 January 2023)*. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS12 (effective from 1 January 2023)*. The main change in Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) is an exemption from the initial recognition exemption provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS12.22A.
- *IFRS 17: Insurance Contracts (effective from 1 January 2023)*. IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as at 1 January 2023.

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

There are no other applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that would be expected to have a material impact on the interim condensed consolidated financial information of the Group.

3 Basis of preparation

These interim 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.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****3 Basis of preparation (continued)**

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

These interim 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 2021. In addition, results for the six-months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

4 Summary of significant accounting policies

The accounting policies used in the preparation of this interim 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 2021, and the notes attached thereto.

5 Accounting estimates and judgements

The critical judgements and estimates used in the preparation of these interim 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 2021. 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.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****6 Property, plant and equipment**

During the six-month period ended 30 June 2022, the Group invested in property, plant and equipment for an amount of AED 70,910 thousand (30 June 2021: AED 48,017 thousand).

Assets with a carrying amount of AED 334 thousand were disposed during the six-month period ended 30 June 2022 (30 June 2021: AED 292 thousand), resulting in a gain of AED 1,562 thousand (30 June 2021: gain of AED 81 thousand) which is included in other income, net.

Furthermore, the depreciation charge on property, plant and equipment during the six-month period ended 30 June 2022 amounted to AED 79,937 thousand (30 June 2021: AED 72,473 thousand).

7 Investment in an associate and a joint venture

Investment in joint venture represents 50% ownership interest in Palmera for Dates Cultivation and Trading LLC (incorporated in Jordan) acquired in 2021 through the acquisition of the Group's subsidiary (Al Foah Company LLC). The joint venture is accounted for using the equity method in these interim condensed consolidated financial statements. The principal activity of the joint venture is the production of all types of agricultural products.

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

8 Goodwill

For the purpose of impairment testing goodwill is allocated to the Group's cash generating units where the Group's 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 2022, there were no impairment indicators for the goodwill across all cash generating units.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

9 Intangible assets

The amortisation charge on intangible assets during the six-month period ended 30 June 2022 amounted to AED 11,725 thousand (30 June 2021: AED 3,976 thousand).

10 Inventories

During the six-month period ended 30 June 2022, the Group recorded a net provision for slow, non-moving and obsolete inventory of AED 2,143 thousand (30 June 2021: AED 4,443 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 6,100 thousand (30 June 2021: AED 8,023 thousand).

11 Trade and other receivables

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade receivables	781,265	826,183
Allowance for impairment losses	(124,076)	(141,850)
	<hr/>	<hr/>
	657,189	684,333
Other receivables	80,150	56,561
Prepayments and advances	90,840	72,150
	<hr/>	<hr/>
	828,179	813,044
	<hr/> <hr/>	<hr/> <hr/>

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

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Balance at beginning of the period/year	141,850	116,345
Acquired through business combinations	-	27,776
Charge for the period/year, net	3,854	12,674
Written off for the period/year	(21,628)	(14,945)
	<hr/>	<hr/>
Balance at end of the period/year	124,076	141,850
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

12 Government compensation receivables

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

The movement in the government compensation receivable during the six-month period/ year is as follows:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Opening balance	10,283	12,451
Compensation claimed for the period/ year	65,489	150,708
Amounts received	(30,553)	(152,876)
	<hr/>	<hr/>
Closing balance	45,219	10,283
	<hr/> <hr/>	<hr/> <hr/>

13 Cash and bank balances

	30 June 2022 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand	6,951	4,716	5,168
Current and savings accounts	422,053	187,349	248,032
	<hr/>	<hr/>	<hr/>
Cash and bank balances	429,004	192,065	253,200
Restricted cash	(24,942)	(26,435)	(24,969)
Bank overdrafts	(73,345)	-	(368)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	330,717	165,630	227,863
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	429,004	192,065	253,200
Fixed deposits	740,906	724,582	870,057
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	1,169,910	916,647	1,123,257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

13 Cash and bank balances (continued)

Fixed deposits are for a period not more than one year and not less than three months (2021: not more than one year and not less than three months). Interest is earned on these deposits at prevailing market rates, the carrying amounts of these assets approximate to their fair value.

Restricted cash represents amounts mainly set aside for payment of dividend distribution from 2009 to 2014. Equivalent amount has been recorded as liability in trade and other payables. Restricted cash balance has not been included in the cash and cash equivalents for the purpose of consolidated statement of cash flows.

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

14 Bank borrowings

Contractual terms of the Group's interest-bearing / profit-bearing loans and borrowings were:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities:		
Credit facilities	432,905	406,173
Overdraft	73,345	368
Term loans	12,872	15,683
	<hr/> 519,122 <hr/>	<hr/> 422,224 <hr/>
Non-current liabilities		
Term loans	1,623,393 <hr/>	1,636,953 <hr/>

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

14 Bank borrowings (continued)

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Current liabilities:		
Within UAE	429,958	373,281
Outside UAE	89,164	48,943
	<hr/> 519,122 <hr/>	<hr/> 422,224 <hr/>
Non-current liabilities		
Within UAE	1,586,580	1,586,163
Outside UAE	36,813	50,790
	<hr/> 1,623,393 <hr/>	<hr/> 1,636,953 <hr/>

15 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 interim condensed consolidated statement of financial position, and classified as current and non-current liabilities.

16 Trade and other payables

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade payables	311,447	371,378
Accrued expenses	343,112	350,276
Advances and deposits	23,665	49,844
Unclaimed dividends (2009-2014)	25,412	25,651
Other payables	120,026	179,134
	<hr/> 823,662 <hr/>	<hr/> 976,283 <hr/>

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

17 Balances and transactions with related parties

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

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

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

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 2022 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2022 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)
Short term employment benefits	5,317	5,180	11,057	10,290
Long term employment benefits	1,341	1,343	2,512	2,981
	6,658	6,523	13,569	13,271

b) Amounts due from related parties

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Dubai Cable Company (Private) Limited - affiliated company	190	138
Emirates Iron & Steel Company LLC – affiliated company	448	288
Kottouf & Hala Trading Co. – associate company	21,441	14,352
	22,079	14,778

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

17 Balances and transactions with related parties (continued)

c) Transactions with related parties

	Three month-period ended		Six month-period ended	
	30 June 2022 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2022 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)
Sales	26,168	193	53,198	411

18 Basic and diluted earnings per share

	Three month-period ended		Six month-period ended	
	30 June 2022 (unaudited)	30 June 2021 (unaudited)	30 June 2022 (unaudited)	30 June 2021 (unaudited)
Profit for the period attributable to the Owners of the Company (AED'000)	35,906	18,336	118,100	67,920
Weighted average number of ordinary shares in issue throughout the period ('000)	791,577	720,795	791,577	717,731
Basic and diluted earnings per share (AED)	0.045	0.025	0.149	0.095

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.

19 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.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****19 Segmental analysis (continued)**

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

Agri Business Division ("ABD")

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

Consumer Business Division ("CBD")

- Water and Food segment includes manufacturing, bottling, and distribution of drinking water, beverages, juices, dairy and trading products.
- Protein and Frozen Vegetables segment includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables and processed protein products.
- Snacks segment includes manufacturing, packaging, distribution of dates, sweets, baklava and bakery products.

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

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

19 Segmental analysis (continued)

	Agri Business Division (“ABD”)		Consumer Business Division (“CBD”)								Total	
			Water and Food		Protein and FV		Snacks		Total CBD			
	30 June 2022 AED’000	30 June 2021 AED’000	30 June 2022 AED’000	30 June 2021 AED’000	30 June 2022 AED’000	30 June 2021 AED’000	30 June 2022 AED’000	30 June 2021 AED’000	30 June 2022 AED’000	30 June 2021 AED’000	30 June 2022 AED’000	30 June 2021 AED’000
Revenues	549,871	476,841	496,895	497,553	579,479	160,249	420,567	230,695	1,496,941	888,497	2,046,812	1,365,338
Intra-group	(16,272)	(13,331)	(22,094)	(18,989)	(9,112)	(9,762)	(3,713)	(4,889)	(34,919)	(33,640)	(51,191)	(46,971)
External revenues	533,599	463,510	474,801	478,564	570,367	150,487	416,854	225,806	1,462,022	854,857	1,995,621	1,318,367
Gross profit	126,908	98,146	178,116	195,410	148,747	38,065	126,734	64,022	453,597	297,497	580,505	395,643
Reportable segment profit	81,578	53,444	17,204	24,490	42,203	10,827	50,601	26,034	110,008	61,351	191,586	114,795
<i>Material non-cash item</i> Impairment loss on trade receivables, net	2,419	1,487	1,924	1,920	-	104	(489)	307	1,435	2,331	3,854	3,818

Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)

19 Segmental analysis (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	30 June 2022 AED'000	31 December 2021 AED'000	30 June 2022 AED'000	31 December 2021 AED'000	30 June 2022 AED'000	31 December 2021 AED'000
<i>Others:</i>						
Segment assets	689,956	606,456	2,681,329	2,786,099	3,371,285	3,392,555
Segment liabilities	157,906	221,156	960,938	1,053,757	1,118,844	1,274,913
	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	30 June 2022 AED'000	30 June 2021 AED'000	30 June 2022 AED'000	30 June 2021 AED'000	30 June 2022 AED'000	30 June 2021 AED'000
Capital expenditure	2,873	3,398	65,703	44,464	68,576	47,862

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

19 Segmental analysis (continued)

Reconciliations of reportable segments' profit or loss, segment assets and liabilities are as follows:

	Six-month period ended	
	30 June 2022 (unaudited) AED'000	30 June 2021 (unaudited) AED'000
Total profit for reportable segments	191,586	114,795
<i>Unallocated amounts</i>		
Other operating expenses	(44,840)	(48,050)
Net finance income	(11,515)	3,997
Consolidated profit for the period	135,231	70,742
Non-controlling interests	(17,131)	(2,822)
Consolidated profit for the period attributable to the Owners of the Company	118,100	67,920

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

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Segment Assets		
Agri Business Division	689,956	606,456
Consumer Business Division	2,681,329	2,786,099
Total assets for reportable segments	3,371,285	3,392,555
Other unallocated amounts	2,940,482	2,996,321
Total assets	6,311,767	6,388,876
Segment liabilities		
Agri Business Division	157,906	221,156
Consumer Business Division	960,938	1,053,757
Total liabilities for reportable segments	1,118,844	1,274,913
Other unallocated amounts	2,189,291	2,155,444
Total liabilities	3,308,135	3,430,357

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

20 Seasonality of results

The Group's dates business, included in the Food segment under the Consumer Business Division, is subject to seasonality coinciding with the harvesting and collection season and hence tend to peak during the period from September to April in UAE and other key geographic areas.

Other than the above, for the six-month period ended 30 June 2022, no significant income of a seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the six-month period ended 30 June 2022 and 2021.

21 Contingent liabilities and commitments

	30 June 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
Bank guarantees	21,447	39,660
Letters of credit	21,390	111,513
Capital commitments	37,113	44,971

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.

22 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 interim 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).

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)****22 Fair value of financial instruments (continued)**

- **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 interim condensed consolidated statement of financial position.

23 Dividend

At the Annual General Meeting held on 7 April 2022, the shareholders' approved cash dividends of AED 65,305 thousand for the year ended 31 December 2021 and were paid during the period which represents 8.25% of the 791,577 thousand issued share capital at the time of dividend declaration (at the Annual General Meeting held on 8 April 2021, the shareholders' approved cash dividends of AED 118,100 thousand for the year ended 31 December 2020 which represents 16.5% of the 720,000 thousand issued share capital at the time of dividend declaration).

24 Business combinations**Ripplette Corp. and Mediterranean Confectionary Company Limited**

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

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

These interim condensed consolidated financial statements include the provisional fair values of the identifiable assets and liabilities of BMB as at the acquisition date as disclosed in the consolidated financial statements for the year ended 31 December 2021.

As part of the SPA with the previous owners of BMB dated 13 December 2021, part of the consideration was determined to be contingent, based on the performance of the acquired entity and certain tax liabilities settlement. As at the acquisition date, the fair value for the contingent considerations amounted to AED 101,696 thousand given the performance indicators of BMB against the target and capital tax settlement. Currently, management is in the process of assessing the final consideration which is expected to be concluded before December 2022.

**Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2022 (continued)**

25 Subsequent event

Acquisition of Abu Auf Holding Netherlands B.V

On 14 July 2022, the Company's Board of Directors has approved a strategic acquisition of 60% stake in Abu Auf Holding Netherlands B.V. ("Abu Auf"), Abu Auf's main subsidiary is a joint stock company incorporated in Egypt and its main objectives are manufacturing, distribution and operating retail stores and kiosks of speciality products and healthy snacks.