

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for the three-month
period ended 31 March 2021**

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AGTHIA GROUP PJSC DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present our quarterly report and condensed consolidated financial statements of Agthia Group PJSC (“Company”) and its subsidiaries (together referred to as the “Group”) for the period ended 31 March 2021.

As we step into 2021 adapting to the new norms shaped by the traces of an unprecedented year, our focus is firmly set on driving our transformational journey across the business. On the Mergers and Acquisition (M&A) front, we consolidated two companies during Q1 with the Al Foah dates business in UAE and Al Faysal Bakery in Kuwait. We also announced two new acquisitions positioning Agthia at the forefront of the fast-growing processed protein industry. Both Nabil Foods in Jordan and Ismailia Investments (Atyab) in Egypt are leading frozen processed chicken and beef producers in their respective countries. Given our proactive M&A strategy, we have also established a Transformation office, led by Fabio Cattaneo, to ensure we are the driving change whilst warranting the smooth integration of the new businesses. Fabio brings in 20 years of relevant experience from General Electric and private equity businesses and we are confident that his addition together with our outstanding leadership team will help us deliver on our recently announced 2025 strategy, which is underscored by the 3 key pillars of growth, efficiency, and capability.

On sustainability initiatives, we published our first standalone Sustainability Report for 2020 to showcase our commitment to monitoring and reporting our environmental, social and governance performance. Further emphasizing on our commitment to a more circular economy, we utilized our partnership with Veolia, a global leader in optimized resource management, to launch the Recapp project in November 2020. In just 3 months, the application garnered more than 1,000 users and has helped collect more than 2 tons of recyclables. Additionally, demonstrating our dedication to bringing pioneering products, Al Ain plant-based bottle won the “Most Impactful Sustainable Product” award at the Gulfood Innovation Awards 2021.

On 8 April 2021, the Company held its Annual General Meeting where the shareholders approved a 16.5 fils dividends per share for the year 2020 implying a 10 percent y-o-y increase. The board also recommended a semi-annual dividend distribution policy for year 2021 onwards. The policy which reinforces our robust financial position and balance sheet strength is in line with our focus on providing attractive and sustainable shareholder returns via sharing profits with investors at an earlier stage.

In the first quarter of 2021, **Group revenues** grew by 17 percent y-o-y reaching AED 665.5 million, including Al Foah and Al Faysal Bakery. With the addition of Al Foah and Al Faysal Bakery under the consumer business division (CBD), net revenue contribution by CBD jumped to 65 percent leaving the agri-business division generating the remaining 35 percent of the Group’s revenue.

Consumer-business revenues reached AED 430.5 million, including Al Foah and Al Faysal Bakery. *Water & Beverage segment* revenues came in at AED 192 million. Our 5-gallon business grew by 4 percent y-o-y on favourable sales mix and expanded market share. The bottled water category recorded a decline in volume versus last year, as we were lapping a strong pre-COVID Q1 in 2020 in which sales were skewed by pre-COVID 19 demand from the food service channel in Jan-Feb 2020 and retail and consumer stocking in March. In the retail channel, Agthia’s water portfolio – Al Ain Water, Al Bayan and Alpin continues to preserve market leadership at respective 29 and 26 percent volume and value shares despite the fact that the overall market size of bottled water

in the UAE declined by 12.4 percent for MAT Feb. 2021 versus last year¹. Our international markets performed well despite prolonged movement restrictions in KSA and Kuwait as we focused on expanding our footprint and progressed in the turnaround of our Saudi operations. *Food segment* (Tomato Paste & Frozen Vegetables, Bakery, Dairy and Trading Items) net revenue increased by 23.5 percent on continued at-home consumption trend for Tomato Paste and Frozen Vegetables in both UAE and Egypt and the inclusion of Al Faysal Bakery post consolidation. The addition of *Al Foah dates* to our portfolio contributed AED 137 million to our top-line during the 3-months period, despite seasonality and headwinds created by an oversupply of dates in KSA.

Agri-business revenues of AED 235 million lagged last year sales which was driven by a one-time World Food Program (WFP) order.

Group net profit² for the period prevailed at AED 49.6 million, recording 86 percent y-o-y growth. The jump versus last year was supported by the consolidation of Al Foah and Al Faysal Bakery, both adding more than AED 28 million to the bottom-line more than offsetting higher grain costs and extra advisory fees borne to support our M&A strategy.

Group total assets as of 31 March 2021 reached AED 4.1 billion, up 31.5 percent versus year-end 2020 in tandem with consolidating the assets of Al Foah and Al Faysal Bakery during the period. **Group shareholders' equity** came in at AED 2.4 billion for the period post issuing additional 120 million shares to complete Al Foah acquisition.

All in, I am pleased to present our first three months of 2021 as we embark on our transformational journey and deliver on our M&A strategy while retaining our leading market positions and financial resilience. We remain committed to creating sustainable value for the benefit of our stakeholders despite challenging market conditions.

A blue ink signature of Khalifa Sultan Al Suwaidi.

Khalifa Sultan Al Suwaidi
Chairman
03 May 2021



¹ AC Nielsen retail audit February 2021 submission – Monthly Average Total (MAT) 2021

² 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 31 March 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-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
3 May 2021
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 31 March 2021**

	Notes	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		81,669	73,087
Property, plant and equipment	6	1,249,472	1,049,990
Investment in a joint venture	7	7,755	-
Goodwill	8	471,085	275,933
Intangible assets	9	134,723	79,510
		<hr/>	<hr/>
Total non-current assets		1,944,704	1,478,520
		<hr/>	<hr/>
Current assets			
Inventories	10	424,884	346,014
Trade and other receivables	11	672,672	527,769
Government compensation receivable	12	43,826	12,451
Due from related parties	18	469	408
Cash and bank balances	13	1,044,494	775,509
		<hr/>	<hr/>
Total current assets		2,186,345	1,662,151
		<hr/>	<hr/>
Total assets		4,131,049	3,140,671
		<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 31 March 2021 (continued)**

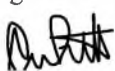
	Notes	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	14	720,000	600,000
Share premium	14	330,000	-
Legal reserve		205,659	205,659
Translation reserve		(66,856)	(64,254)
Retained earnings		1,209,930	1,157,104
Equity attributable to the owners of the Company		2,398,733	1,898,509
Non-controlling interests		30,310	29,662
Total equity		2,429,043	1,928,171
Non-current liabilities			
Provision for employees' end of service benefits		119,630	81,225
Bank borrowings	15	382,724	237,488
Lease liabilities		57,667	53,254
Deferred government grant	16	20,432	-
Total non-current liabilities		580,453	371,967
Current liabilities			
Bank borrowings	15	379,011	298,558
Lease liabilities		22,745	18,979
Trade and other payables	17	684,361	518,101
Deferred government grant	16	13,436	-
Due to a related party	18	-	4,895
Contingent consideration	25	22,000	-
Total current liabilities		1,121,553	840,533
Total liabilities		1,702,006	1,212,500
Total equity and liabilities		4,131,049	3,140,671

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 3 May 2021 and signed on its behalf:



Khalifa Sultan Al Suwaidi
Chairman



Alan Smith (May 3, 2021 12:53 GMT+4)
Alan Smith
Chief Executive Officer



Ammar Al Ghoul
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the three-month period ended 31 March 2021**

	Note	Three-month period ended 31 March	
		2021 AED'000	2020 AED'000
Revenue		665,524	570,897
Cost of sales		(461,239)	(400,439)
Gross profit		204,285	170,458
Selling and distribution expenses		(100,254)	(96,975)
General and administrative expenses		(64,020)	(48,137)
Research and development cost		(2,104)	(2,047)
Share of loss from investment in a joint venture		(312)	-
Other income, net		11,924	1,106
Operating profit		49,519	24,405
Finance income		3,753	6,589
Finance expense		(2,843)	(3,997)
Profit for the period before income tax and zakat		50,429	26,997
Income tax and zakat expenses		(393)	(196)
Profit for the period		50,036	26,801
Attributable to:			
Owners of the Company		49,584	26,637
Non-controlling interest		452	164
		50,036	26,801
Basic and diluted earnings per share (AED)	19	0.069	0.044

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the three-month period ended 31 March 2021**

	Three month-period ended 31 March	
	2021 AED'000	2020 AED'000
Profit for the period	50,036	26,801
Other comprehensive income:		
<i>Item that may be subsequently reclassified to profit or loss</i>		
Foreign currency translation difference on foreign operations	(2,412)	(4,940)
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Re-measurement of employees' end of service benefits	3,248	-
	<hr/>	<hr/>
Other comprehensive income/ (loss)	836	(4,940)
	<hr/>	<hr/>
Total comprehensive income for the period	50,872	21,861
	<hr/> <hr/>	<hr/> <hr/>
Attributable to:		
Owners of the Company	50,224	22,698
Non-controlling interest	648	(837)
	<hr/>	<hr/>
	50,872	21,861
	<hr/> <hr/>	<hr/> <hr/>

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

**Condensed consolidated statement of changes in equity
for the three-month period ended 31 March 2021**

	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 interest AED'000	Total AED'000
Balance 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	-	-	-	-	26,637	26,637	164	26,801
<i>Other comprehensive loss for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(3,939)	-	(3,939)	(1,001)	(4,940)
<i>Total comprehensive income / (loss) for the period</i>	-	-	-	(3,939)	26,637	22,698	(837)	21,861
Balance at 31 March 2020 (unaudited)	600,000	-	202,212	(61,414)	1,243,085	1,983,883	27,698	2,011,581
Balance 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	-	-	-	-	49,584	49,584	452	50,036
<i>Other comprehensive income for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(2,602)	-	(2,602)	190	(2,412)
Remeasurement of employees' end of service benefits	-	-	-	-	3,242	3,242	6	3,248
<i>Total comprehensive (loss)/ income for the period</i>	-	-	-	(2,602)	52,826	50,224	648	50,872
Issuance of share capital (note 14)	120,000	330,000	-	-	-	450,000	-	450,000
Balance at 31 March 2021 (unaudited)	720,000	330,000	205,659	(66,856)	1,209,930	2,398,733	30,310	2,429,043

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

**Condensed consolidated statement of cash flows (unaudited)
for the three-month period ended 31 March 2021**

	Notes	Three-month period ended 31 March	
		2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the period		50,036	26,801
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	31,686	27,704
Amortisation of intangible assets	9	615	616
Amortisation of grants relating to capital expenditure	6	2,819	-
Amortisation of right-of-use-assets		7,371	6,019
Finance income		(3,753)	(6,234)
Finance expense		1,672	4,380
Provision for employees' end of service benefits		3,706	3,120
Interest on lease liabilities		760	787
Movement in allowance for impairment losses of trade receivables, net	11	(34)	7,866
Gain on sale of property, plant and equipment	6	51	236
Income tax and zakat expenses		393	196
Movement in provision for slow moving inventory, net		(3,771)	(596)
Share of loss from investment in a joint venture		312	-
Net cash from operating activities before movement in working capital		91,863	70,895
<i>Changes in:</i>			
Inventories		48,756	18,513
Trade and other receivables		11,966	(70,399)
Due from related parties		144,096	(30)
Government compensation receivable		(31,375)	(34,912)
Due to a related party		(4,895)	2,177
Deferred government grant		(7,399)	-
Trade and other payables		(86,541)	49,548
Cash generated from operations		166,471	35,792
Payment of employees' end of service benefits		(3,705)	(4,167)
Income tax paid		(390)	-
Net cash generated from operating activities		162,376	31,625
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(12,921)	(24,018)
Investment in fixed deposits, net		(51,241)	(93,750)
Interest received		8,402	8,365
Investment in a subsidiary, net of cash	25	(144,769)	-
Cash acquired from an investment in a subsidiary	25	46,494	-
Proceeds from sale of property, plant and equipment		148	241
Net cash used in investing activities		(153,887)	(109,162)
Cash flows from financing activities			
Bank borrowings, net		76,326	(100,617)
Repayment of a long-term loan		(4,764)	(274)
Proceeds from a long-term loan		150,000	222,687
Interest paid		(1,938)	(1,836)
Repayment of principal repayment of lease liability		(9,187)	(7,211)
Net cash generated from financing activities		210,437	112,749
Increase in cash and cash equivalents		218,926	35,212
Effect of foreign exchange		(1,167)	756
Cash and cash equivalents as at 1 January	13	155,471	28,833
Cash and cash equivalents as at 31 March	13	373,230	64,801

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

Notes to the condensed consolidated financial statements for the three-month period ended 31 March 2021

1 General information

Agthia Group PJSC (“the Company”) was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 in the Emirate of Abu Dhabi. General Holding Corporation PJSC (SENAAT) owns 59% of the Company’s shares. Pursuant to Law No (02) of 2018 and Executive Council Resolution No. (33) of 2020, SENAAT became wholly owned by Abu Dhabi Development Holding Company “Public Joint Stock Company” (ADQ) which is wholly owned by the Government of Abu Dhabi.

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets . The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities including exemption from curfew hours and cargo shipping. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported condensed consolidated financial results for the period ended 31 March 2021. The Group management continues to monitor the situation closely.

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

The registered office of the Company is at Al Reem Island, Sky Towers, 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
		31 March 2021	31 December 2020	
Grand Mills Company PJSC	UAE	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC	UAE	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC	Egypt	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.
Agthia Gurup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi	Turkey	100	100	Production, bottling and sale of bottled water.
Al Bayan Purification and Potable Water LLC	UAE	100	100	Production, bottling and sale of bottled water.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		31 March 2021	31 December 2020	
Shaklan Plastic Manufacturing Co. LLC	UAE	100	100	Production of plastic bottles and containers.
Al Manal Purification and Bottling of Mineral Water LLC	Oman	100	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited	KSA	100	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL	Kuwait	50	50	Production, bottling and sale of bottled water.
Gulf National Forage Company LLC	UAE	51	51	Import and wholesale of fodder.
Al Foah Company LLC (note 25)	UAE	100	-	Manufacturing and trading of date related products
Al Faysal Bakery and Sweets Company WLL (note 25)	Kuwait	100	-	Manufacturing and trading in bakery and foodstuff

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 2021. 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>
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

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 2021.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

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

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 IAS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to IFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16 <i>Property, Plant and Equipment</i> related to proceeds before intended use	1 January 2022
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to IFRS Standards 2018-2020 cycle amending IFRS 1, IFRS 9, IFRS 16 and IAS 41	The amendments to IFRS 1, IFRS 9 and IAS 41 are effective from 1 January 2022 and the effective date for amendments to IFRS 16 Leases are not yet decided.
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.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)****3 Basis of preparation (continued)**

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 2020. In addition, results for the three-months period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 2020, and the notes attached thereto except for the ones stated below:

Investments in joint ventures

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

The results and assets and liabilities of joint ventures are incorporated in these condensed consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)****4 Summary of significant accounting policies (continued)****Investments in joint ventures (continued)**

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

Government compensation and grants

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

4 Summary of significant accounting policies (continued)

Government compensation and grants (continued)

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

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

Grants related to assets

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

Grants related to operations

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (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 2020. 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 three-month period ended 31 March 2021, the Group acquired on provisional basis additional property, plant and equipment of AED 222,379 thousand related to its acquisitions of Al Foah Company LLC and Al Faysal Bakery and Sweets Company WLL amounting to AED 181,259 thousand and AED 41,120 thousand respectively (refer note 25) and invested in property, plant and equipment for a net amount of AED 12,921 thousand (31 March 2020: AED 24,018 thousand) of which purchases of assets amounted to AED 12,921 thousand (31 March 2020: assets purchased AED 26,867 thousand and advances paid of AED 2,849 thousand).

Assets with a carrying amount of AED 199 thousand were disposed during the three-month period ended 31 March 2021 (31 March 2020: AED 477 thousand), resulting in a loss of AED 51 thousand (31 March 2020: loss of AED 236 thousand) which is included in other income, net.

Furthermore, the depreciation charge on property, plant and equipment during the three-month period ended 31 March 2021 amounted to AED 31,686 thousand (31 March 2020: AED 27,704 thousand). The amortisation charge of grants relating to capital expenditure during the three-month period ended 31 March 2021 amounted to AED 2,819 thousand (31 March 2020: AED Nil).

7 Investment in a joint venture

Investment in joint venture represents 50% ownership interest in Palmera for Dates Cultivation and Trading LLC (incorporated in Jordan) acquired in 2021 through the acquisition of the Group's new subsidiary (Al Foah Company LLC (note 25)). The joint venture is accounted for using the equity method in these 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 three-month period ended 31 March 2021, there were no impairment indicators for the goodwill across all cash generating units.

During the three-month period ended 31 March 2021, the Group recognised a provisional goodwill of AED 195,152 thousand related to its acquisitions of Al Foah Company LLC and Al Faysal Bakery and Sweets Company WLL amounting to AED 97,865 thousand and AED 97,287 thousand respectively (note 25).

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

9 Intangible assets

During the three-month period ended 31 March 2021, the Group recognised provisional intangible assets of AED 56,000 thousand related to its acquisitions of Al Foah Company LLC and Al Faysal Bakery and Sweets Company WLL amounting to AED 23,000 thousand and AED 33,000 thousand respectively (note 25).

The amortisation charge on intangible assets during the three-month period ended 31 March 2021 amounted to AED 615 thousand (31 March 2020: AED 616 thousand).

10 Inventories

During the three-month period ended 31 March 2021, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 3,768 thousand (31 March 2020: AED 4,163 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 7,539 thousand (31 March 2020: AED 4,723 thousand).

11 Trade and other receivables

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade receivables	684,281	550,638
Allowance for impairment losses	(116,311)	(116,345)
	<hr/>	<hr/>
	567,970	434,293
Other receivables	54,730	61,349
Prepayments and advances	49,972	32,127
	<hr/>	<hr/>
	672,672	527,769
	<hr/> <hr/>	<hr/> <hr/>

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

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Balance at beginning of the period / year	116,345	55,865
Charge for the period / year	1,601	62,066
Released / written off for the period / year	(1,635)	(1,586)
	<hr/>	<hr/>
Balance at end of the period / year	116,311	116,345
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (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 three-month period/ year is as follows:

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	12,451	27,782
Compensation for the period/ year	31,375	120,440
Amounts received	-	(135,771)
	<hr/>	<hr/>
Closing balance	43,826	12,451
	<hr/> <hr/>	<hr/> <hr/>

13 Cash and bank balances

	31 March 2021 AED'000 (unaudited)	31 March 2020 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Cash on hand	4,004	2,511	2,992
Current and savings accounts	394,207	112,383	177,475
	<hr/>	<hr/>	<hr/>
Cash and bank balances	398,211	114,894	180,467
Escrow account (for dividend distribution 2009 to 2014)	(24,981)	(25,032)	(24,996)
Bank overdrafts	-	(25,061)	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	373,230	64,801	155,471
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	398,211	114,894	180,467
Fixed deposits	646,283	655,340	595,042
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	1,044,494	770,234	775,509
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

13 Cash and bank balances (continued)

Fixed deposits are for a period not more than one year and not less than three months (31 March 2020: not more than one year and not less than three months). Interest earned on these deposits are at prevailing market rates. The carrying amounts on these deposits are approximate to their fair value.

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

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

14 Share capital

Share capital includes issued and fully paid 720,000 thousand shares (31 December 2020: 600,000 thousand shares) at a par value of AED 1 each.

	2021	2020
	AED'000	AED'000
Authorised share capital (ordinary shares of AED 1 each)	1,200,000	1,200,000
	<u> </u>	<u> </u>
Issued and fully paid share capital	720,000	600,000
	<u> </u>	<u> </u>

On 28 December 2020, the Board of Directors approved the issuance of mandatory convertible bonds with a nominal value of AED 1 each in an aggregate principal amount of AED 450,000 thousand (at a conversion price of AED 3.75 per share) as the acquisition price to acquire Al Foah Company LLC. On 6 January 2021 and as a result of converting the bonds, the Company's issued and fully paid share capital increased from 600,000 thousand shares to 720,000 thousand shares with a nominal value of AED 1 each.

During the period share premium movement was as follows:

	31 March 2021 AED'000 (unaudited)
Opening balance	-
Issuance of share capital for the acquisition of Al Foah Company LLC (refer note 25)	330,000
	<u> </u>
Closing balance	330,000
	<u> </u>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

15 Bank borrowings

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

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current liabilities:		
Credit facilities	318,697	230,651
Short term loans	48,334	55,936
Term loans	11,980	11,971
	<u>379,011</u>	<u>298,558</u>
Non-current liabilities		
Term loans	<u>382,724</u>	<u>237,488</u>
	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current liabilities:		
Within UAE	333,141	260,031
Outside UAE	45,870	38,527
	<u>379,011</u>	<u>298,558</u>
Non-current liabilities		
Within UAE	333,670	183,670
Outside UAE	49,054	53,818
	<u>382,724</u>	<u>237,488</u>

During the three-month period ended 31 March 2021, the Group availed a long-term loan of AED 150,000 thousand for a tenure of five years repayable in 2026. The loan payment term is a bullet repayment at maturity. The loan carries interest rate of 3 months EIBOR + Margin per annum. The loan is secured against corporate guarantee.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

16 Deferred government grant

The Government of Abu Dhabi provides an annual budget for capital expenditure in accordance with an approved budget. The provisional capital grants are recorded as deferred government grants in the consolidated statement of financial position, and classified as current and non-current liabilities (note 25).

17 Trade and other payables

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade payables	241,602	150,031
Accrued expenses	286,607	222,231
Other payables	156,152	145,839
	<hr/> 684,361 <hr/>	<hr/> 518,101 <hr/>

18 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	
	31 March 2021 AED'000 (unaudited)	31 March 2020 AED'000 (unaudited)
Short term employment benefits	5,110	5,232
Long term employment benefits	1,638	1,210
	<hr/> 6,748 <hr/>	<hr/> 6,442 <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

18 Balances and transactions with related parties (continued)

b) Amounts due to a related party

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Al Foah Company LLC – affiliated company	-	4,895

c) Amounts due from related parties

	31 March 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Dubai Cable Company (Private) Limited - affiliated company	158	172
Emirates Iron & Steel Company LLC – affiliated company	134	165
General Holding Corporation PJSC (SENAAT) – parent company	177	71
	469	408

d) Transactions with related parties

	31 March 2021 AED'000 (unaudited)	31 March 2020 AED'000 (unaudited)
Sales	218	279
Purchases	-	3,655
Expenses recharged	-	15

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

19 Basic and diluted earnings per share

	Three-month period ended	
	31 March 2021 (unaudited)	31 March 2020 (unaudited)
Profit for the period attributable to the owners of the Company (AED'000)	49,584	26,637
Weighted average number of ordinary shares in issue throughout the period ('000)	720,000	600,000
Basic and diluted earnings per share (AED)	0.069	0.044

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.

20 Segmental analysis

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

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

Agri Business Division ("ABD")

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

Consumer Business Division ("CBD")

- Bottled Water and Beverages include manufacturing and distribution of drinking water, water based drinks and juices. The Group's business operations with a similar nature of Bottled Water are as follows:

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

20 Segmental analysis (continued)

Consumer Business Division (“CBD”) (continued)

- Business operations in the Republic of Turkey, represented by Agthia Grup Icecek ve Dagitim Sanayi ve Ticaret Limited Sirketi, is production, bottling and sale of bottled water;
 - Business operations in the United Arab Emirates, represented by, Al Bayan Purification and Potable Water LLC, is manufacturing and distribution of drinking water;
 - Part of United Arab Emirates business operations, represented by Al Ain Food & Beverages PJSC, is manufacturing and distribution of drinking water, flavored water, and juices;
 - Business operations in the State of Kuwait, represented by Al Rammah National for General Trading and Contracting Company WLL, is manufacturing and distribution of drinking water; and
 - Business operations in the Kingdom of Saudi Arabia, represented by Delta Alagthia For Manufacturing Company Limited, is manufacturing and distribution of drinking water.
- Food includes manufacturing and distribution of tomato and chili paste, fruit concentrate, frozen vegetables, fresh dairy products, frozen baked products and dates. The Group’s business operations with a similar nature of Food are as follows:
- Business operations in the State of Kuwait, represented by Al Faysal Bakery and Sweets Company WLL, is manufacturing and trading in bakery and foodstuff;
 - Business operations in the United Arab Emirates, represented by Al Foah Company LLC, is manufacturing and trading in dated related products;
 - 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 three-month period ended 31 March 2021 (continued)**

20 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>							
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2021	31 March 2021	31 March 2020
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Legal revenues	242,616	281,362	196,661	224,285	250,147	84,963	446,808	309,248	689,424	590,610
Intra-group	(7,640)	(8,100)	(4,313)	(8,215)	(11,947)	(3,398)	(16,260)	(11,613)	(23,900)	(19,713)
Market revenues	234,976	273,262	192,348	216,070	238,200	81,565	430,548	297,635	665,524	570,897
Gross profit	54,208	62,646	88,463	97,118	64,308	13,619	152,771	110,737	206,979	173,383
Reportable segment profit	31,620	38,723	8,816	1,872	32,700	4,079	41,516	5,951	73,136	44,674
<i>Material non-cash item</i>										
Impairment losses on trade receivables, net	710	323	891	8,120	-	-	891	8,120	1,601	8,443

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

20 Segmental analysis (continued)

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

Gross profit for the three-month period ended

	Three-month period ended	
	31 March 2021 (unaudited) AED'000	31 March 2020 (unaudited) AED'000
Total gross profit for reportable segments	206,979	173,383
Unallocated gross loss	(2,694)	(2,925)
Consolidated gross profit for the period	204,285	170,458

Profit for the three-month period ended

	Three-month period ended	
	31 March 2021 (unaudited) AED'000	31 March 2020 (unaudited) AED'000
Total profit for reportable segments	73,136	44,674
<u>Unallocated amounts</u>		
Other operating expenses	(25,347)	(21,805)
Net finance income	2,247	3,932
Consolidated profit for the period	50,036	26,801
Non-controlling interests	(452)	(164)
Consolidated profit for the period attributable to the Owners of the Company	49,584	26,637

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

20 Segmental analysis (continued)

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

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Segment Assets		
Agri Business Division	576,758	526,521
Consumer Business Division	1,982,729	1,506,557
	<hr/>	<hr/>
Total assets for reportable segments	2,559,487	2,033,078
Other unallocated amounts	1,571,562	1,107,593
	<hr/>	<hr/>
Total assets	4,131,049	3,140,671
	<hr/> <hr/>	<hr/> <hr/>
Segment Liabilities		
Agri Business Division	200,616	184,334
Consumer Business Division	731,178	505,710
	<hr/>	<hr/>
Total liabilities for reportable segments	931,794	690,044
Other unallocated amounts	770,212	522,456
	<hr/>	<hr/>
Total liabilities	1,702,006	1,212,500
	<hr/> <hr/>	<hr/> <hr/>

21 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2021 and 2020.

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

22 Contingent liabilities and commitments

	31 March 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Bank guarantees	73,408	73,648
Letters of credit	263,635	129
Capital commitments	57,965	59,913

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.

23 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 three-month period ended 31 March 2021 (continued)**

24 Dividend

At the Annual General Meeting held on 8 April 2021, the shareholders' approved payment of AED 118,800 thousand for the year ended 31 December 2020 (at the Annual General Meeting held on 16 April 2020, the shareholders' approved payment of AED 90,000 thousand for the year ended 31 December 2019) as cash dividend which represents 16.5% (2020: 15%) of the issued and paid up share capital of the Company at the end of the year.

25 Business combinations

a) Al Foah Company LLC acquisition

On 5 January 2021, the Company acquired 100% of the shares of Al Foah Company LLC ("Al Foah"), a limited liability company based in United Arab Emirates that specialises in the manufacture and trading of dates and date related products. The Group has acquired Al Foah because it is expanding both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the provisional amounts of Al Foah for the period from the acquisition date.

The provisional fair values of the identifiable assets and liabilities of Al Foah as at the date of acquisition were:

	Provisional amounts recognised on acquisition (unaudited) AED'000
Assets	
Property, plant and equipment	181,259
Brand names	17,000
Customer contracts	6,000
Inventories	118,969
Trade and other receivables	147,835
Cash and bank balances	46,494
Due from related parties	144,157
Other assets	10,228
	<hr/>
Total assets	671,942
	<hr/> <hr/>
Liabilities	
Employees' end of service benefits	(34,043)
Deferred government grants	(41,267)
Trade and other payables	(242,229)
Other liabilities	(2,268)
	<hr/>
Total liabilities	(319,807)
	<hr/> <hr/>
Total identifiable net assets at fair value (provisional)	352,135
	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

25 Business combination (continued)

	Provisional amounts recognised on acquisition (unaudited) AED'000
Total identifiable net assets at fair value (continued)	352,135
Goodwill arising on acquisition (provisional)	97,865
Purchase considerations satisfied through issuing 120,000 thousand common shares (note 14)	450,000
<i>Analysis of cash flow on acquisition were:</i>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	46,494

b) Al Faysal Bakery and Sweets Company WLL acquisition

On 26 January 2021, the Company acquired 100% of the shares of Al Faysal Bakery and Sweets Company WLL ("Al Faysal"), a limited liability company based in the State of Kuwait that specialises in the manufacture and trading of bakeries and foodstuff. The Group has acquired Al Faysal because it is expanding both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the provisional amounts of Al Faysal for the period from the acquisition date.

Provisional fair values of the identifiable assets and liabilities of Al Faysal as at the date of acquisition were:

	Provisional amounts recognised on acquisition (unaudited) AED'000
Assets	
Property, plant and equipment	14,120
Brand names	9,000
Licenses	24,000
Land grant	27,000
Inventories	4,886
Trade and other receivables	12,579
Cash and bank balances	16,118
Other assets	6,327
Total assets	114,030

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)**

25 Business combination (continued)

b) Al Faysal Bakery and Sweets Company WLL acquisition (continued)

	Provisional amounts recognised on acquisition (audited) AED'000
Liabilities	
Employees' end of service benefits	(7,614)
Borrowings	(4,142)
Trade and other payables	(10,835)
Contingent consideration*	(22,000)
Other liabilities	(5,839)
	<hr/>
Total liabilities	(50,430)
	<hr/> <hr/>
Total identifiable net assets at fair value (provisional)	63,600
	<hr/> <hr/>
Goodwill arising on acquisition (provisional)	97,287
	<hr/> <hr/>
Purchase considerations satisfied	160,887
	<hr/> <hr/>
<i>Analysis of cash flow on acquisition were:</i>	
Net cash acquired with the subsidiary	16,118
Cash paid	(158,947)
Cash payable	(1,938)
	<hr/> <hr/>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(144,767)
	<hr/> <hr/>

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

**Notes to the condensed consolidated financial statements
for the three-month period ended 31 March 2021 (continued)****25 Business combination (continued)****c) Al Nabil Food Industries Limited**

On 18 February 2021, the Company signed an agreement for acquiring 80% stake from Oriongreen Limited in return of the following mix of considerations:

- 1) 60% stake in Oriongreen Limited will be satisfied through the issuance of mandatory convertible instruments with a nominal value of AED 1 each in aggregate principal amount AED 393,674 thousand (at a conversion price of AED 5.5 per share)
- 2) 20% stake in Oriongreen Limited will be satisfied in cash after exercising the call-option. Cash consideration amounts to USD 34,286 thousand (equivalent to AED 126,000 thousand).

Oriongreen Limited is a private company of limited liability incorporated in the Abu Dhabi Global Market (the “ADGM”) with an issued capital of USD 1,000 dividend into 1,000 shares of USD 1 per share. Oriongreen ultimately owns 100% of Nabil Food Industries Limited, the principal operating company of Nabil Foods Group, a limited liability company established in Jordan and its main objectives are to manufacturing, marketing and selling of processed and chilled food products.

d) Ismailia Agricultural and Industrial Investment (Furat)

On 7 April 2021, the Company’s Board of Directors discussed an indirect acquisition of 75.02% stake in Ismailia Agricultural and Industrial Investment (Furat) (the “Ismailia”) in return of a cash considerations of approximately AED 564,290 thousand. The acquisition will be through the incorporation of two wholly owned subsidiaries as private limited companies in ADGM to be used as SPVs.

The Ismailia is a joint stock company incorporated in Egypt in 2004 and its main objectives are to produce frozen processed chicken and beef products with a portfolio of four brands (Atyab Meatland, Shiketita and Furat).