

AGTHIA GROUP PJSC

**Reports and condensed consolidated
financial statements for the six-month
period ended 30 June 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 first half report and condensed consolidated financial statements of Agthia Group PJSC ("Company") and its subsidiaries (together referred to as the "Group") for the period ended 30 June 2021.

In the second quarter of 2021, we revealed our 2025 strategy which is underscored by the 3 key pillars of growth, efficiency and capability. Aligned with our transformational strategy, we entered the fast-growing processed protein industry via the acquisition of majority stakes in each of Nabil Foods in Jordan and Ismailia Investments (Atyab) in Egypt. We successfully consolidated Nabil Foods into our books as of 1st April 2021 whilst progressing in obtaining the necessary customary and regulatory approvals for finalizing Atyab.

On 11th May 2021, we welcomed Morgan Stanley Capital International - MSCI's announcement to include Agthia shares into its Emerging Markets Small Cap Index effective as of close of 27 May 2021. We additionally note that post the necessary shareholders' approvals, we increased our share capital from AED 600 million as of 31 December 2020 to current AED 791.6 million post the completion of Al Foah (+AED 120 million) and Nabil Foods (+AED 71.6 million) transactions.

In line with our recently announced semi-annual dividend distribution policy, the board today recommends 8.25 fils dividends per share for the first half of 2021, subject to shareholders and regulatory approvals.

In the first half of 2021, **Group revenues** grew by 21 percent y-o-y reaching AED 1.32 billion, including Al Foah (since January 1st, 2021), Al Faysal Bakery (January 27th, 2021) and Nabil Foods (April 1st, 2021). With the addition of 3 acquisitions under the consumer business division (CBD), net revenue contribution by CBD increased by 20 percent y-o-y to 65 percent with the agri-business division contributing the remaining 35 percent of the Group's revenue.

Consumer business revenues reached AED 855 million, including Al Foah, Al Faysal Bakery and Nabil Foods. *Water & Beverage (W&B) segment* revenues came in at AED 390 million, down 5 percent y-o-y on the strategic decision of discontinuing the loss-making Beverage business. On a like-for-like, W&B division stands flat versus last year wherein the shortfall in the UAE bottled water category was sufficiently countered by the outperformance of our international markets (KSA, Kuwait and Turkey). In the local market, we note that the bottled water category in the first half of 2021 was impacted by lower sales in Q1 2021 which lagged a strong pre-COVID Q1 in 2020. In Q2 2021, however, higher sales were recorded versus the same period last year on higher volumes despite the price competitive environment. In the retail channel, Agthia's water portfolio – Al Ain Water, Al Bayan and Alpin continues to preserve market leadership at respective 27 percent and 25 percent volume and value shares even though the overall market size of bottled water in the UAE declined by 12.6 percent for MAT May 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 12 percent on the inclusion of Al Faysal Bakery post consolidation towards end of January 2021. On the other hand, trading items and UAE bakery recorded lower sales versus last year which benefitted from consumer

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

stocking in the Community Support Division and our partnership with local authorities to support their food security initiatives. The addition of *Al Foah Dates* and *Nabil Foods* to our portfolio collectively contributed AED 272.7 million to our top line during the period, despite the impact of seasonality and headwinds created by an oversupply of dates in KSA on *Al Foah* and the inclusion of *Nabil Foods* for only 3 months post consolidation in April 2021.

Agri-business revenues of AED 463.5 million lagged last year sales which was largely driven by a one-time World Food Program (WFP) order.

Group net profit² for the period prevailed at AED 67.9 million, recording 61 percent y-o-y growth. The jump versus last year was supported by the consolidation of *Al Foah*, *Al Faysal Bakery* and *Nabil Foods*, aggregately adding AED 35.4 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 30 June 2021 reached AED 4.6 billion, up 46 percent versus year-end 2020 in tandem with consolidating the assets of *Al Foah*, *Al Faysal Bakery* and *Nabil Foods* during the period. **Group shareholders' equity** came in at AED 2.7 billion for the period post issuing additional 191.6 million shares to complete *Al Foah* and *Nabil Foods* acquisitions.

In summary, I am pleased with the progress we made so far in delivering on our M&A strategy while focusing on retaining our leading market positions and financial resilience. As we look forward, we remain committed to delivering enhanced value for the benefit of our stakeholders despite challenging market conditions.



Khalifa Sultan Al Suwaidi
Chairman
09 August 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 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

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

Deloitte & Touche (M.E.)



Mohammad Khamees Al Tah
Registration Number 717
9 August 2021
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
as at 30 June 2021**

	Notes	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
ASSETS			
Non-current assets			
Right-of-use assets		83,351	73,087
Property, plant and equipment	6	1,363,503	1,049,990
Investment in a joint venture	7	5,325	-
Goodwill	8	805,818	275,933
Intangible assets	9	246,152	79,510
		<hr/>	<hr/>
Total non-current assets		2,504,149	1,478,520
		<hr/>	<hr/>
Current assets			
Inventories	10	440,161	346,014
Trade and other receivables	11	674,852	527,769
Government compensation receivable	12	60,797	12,451
Due from related parties	18	592	408
Cash and bank balances	13	916,647	775,509
		<hr/>	<hr/>
Total current assets		2,093,049	1,662,151
		<hr/>	<hr/>
Total assets		4,597,198	3,140,671
		<hr/> <hr/>	<hr/> <hr/>

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

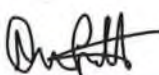
Condensed consolidated statement of financial position
as at 30 June 2021 (continued)

	Notes	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
EQUITY AND LIABILITIES			
Equity			
Share capital	14	791,577	600,000
Share premium	14	652,097	-
Legal reserve		205,659	205,659
Translation reserve		(67,940)	(64,254)
Retained earnings		1,107,888	1,157,104
Equity attributable to the owners of the Company		2,689,281	1,898,509
Non-controlling interests		162,709	29,662
Total equity		2,851,990	1,928,171
Non-current liabilities			
Provision for employees' end of service benefits		121,798	81,225
Bank borrowings	15	416,426	237,488
Lease liabilities		57,615	53,254
Deferred government grant	16	28,151	-
Total non-current liabilities		623,990	371,967
Current liabilities			
Bank borrowings	15	414,350	298,558
Lease liabilities		25,366	18,979
Trade and other payables	17	652,101	518,101
Deferred government grant	16	7,401	-
Due to a related party	18	-	4,895
Contingent consideration	25	22,000	-
Total current liabilities		1,121,218	840,533
Total liabilities		1,745,208	1,212,500
Total equity and liabilities		4,597,198	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 9 August 2021 and signed on its behalf:


Khalifa Sultan Al Suwaidi
Chairman


Alan Smith (Aug 8, 2021 23:02 GMT+4)
Alan Smith
Chief Executive Officer


Ammar Al Ghouli
Chief Financial Officer

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

**Condensed consolidated statement of profit or loss (unaudited)
for the six-month period ended 30 June 2021**

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2021 AED'000	2020 AED'000	2021 AED'000	2020 AED'000
Revenue		652,843	518,775	1,318,367	1,089,672
Cost of sales		(467,046)	(355,672)	(928,285)	(756,111)
Gross profit		185,797	163,103	390,082	333,561
Selling and distribution expenses		(106,105)	(90,421)	(206,359)	(187,396)
General and administrative expenses		(63,080)	(55,236)	(127,100)	(103,373)
Research and development cost		(2,421)	(1,853)	(4,525)	(3,900)
Share of loss from investment in a joint Venture		(2,430)	-	(2,742)	-
Other income, net		10,944	509	22,868	1,615
Operating profit		22,705	16,102	72,224	40,507
Finance income		4,264	4,549	8,017	11,138
Finance expense		(4,819)	(4,068)	(7,662)	(8,065)
Profit for the period before income tax and zakat		22,150	16,583	72,579	43,580
Income tax and zakat expense		(1,444)	(405)	(1,837)	(601)
Profit for the period		20,706	16,178	70,742	42,979
Attributable to:					
Owners of the Company		18,336	15,626	67,920	42,263
Non-controlling interests		2,370	552	2,822	716
		20,706	16,178	70,742	42,979
Basic and diluted earnings per share (AED)	19	0.025	0.026	0.095	0.070

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

**Condensed consolidated statement of comprehensive income (unaudited)
for the six-month period ended 30 June 2021**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2021	2020	2021	2020
	AED'000	AED'000	AED'000	AED'000
Profit for the period	20,706	16,178	70,742	42,979
Other comprehensive income:				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	(957)	(787)	(3,369)	(5,727)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	(1,578)	(4,988)	1,670	(4,988)
Other comprehensive loss	(2,535)	(5,775)	(1,699)	(10,715)
Total comprehensive income for the period	18,171	10,403	69,043	32,264
Attributable to:				
Owners of the Company	15,674	9,329	65,898	32,027
Non-controlling interests	2,497	1,074	3,145	237
	18,171	10,403	69,043	32,264

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

**Condensed consolidated statement of changes in equity
for the six-month period ended 30 June 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 interests AED'000	Total AED'000
Balance as at 31 December 2019 (audited)	600,000	-	202,212	(57,475)	1,216,448	1,961,185	28,535	1,989,720
Profit for the period	-	-	-	-	42,263	42,263	716	42,979
<i>Other comprehensive income / (loss) for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(5,284)	-	(5,284)	(443)	(5,727)
Re-measurement of employees' end of service benefits	-	-	-	-	(4,952)	(4,952)	(36)	(4,988)
<i>Total comprehensive income / (loss) for the period</i>	-	-	-	(5,284)	37,311	32,027	237	32,264
Dividend for the year 2019 (note 24)	-	-	-	-	(90,000)	(90,000)	-	(90,000)
Balance as at 30 June 2020 (unaudited)	600,000	-	202,212	(62,759)	1,163,759	1,903,212	28,772	1,931,984
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 24)	-	-	-	-	(118,800)	(118,800)	-	(118,800)
Issuance of share capital and share premium (note 14)	191,577	652,097	-	-	-	843,674	-	843,674
Non-controlling interests acquired (note 25)	-	-	-	-	-	-	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

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

**Condensed consolidated statement of cash flows (unaudited)
for the six-month period ended 30 June 2021**

	Notes	Six-month period ended 30 June	
		2021 AED'000	2020 AED'000
Cash flows from operating activities			
Profit for the period		70,742	42,979
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	6	66,817	55,528
Amortisation of intangible assets	9	3,976	1,231
Depreciation of property, plant and equipment related to government grant	6	5,656	-
Amortisation of right-of-use assets		15,670	12,333
Finance income		(8,017)	(11,138)
Finance expense		5,990	7,938
Provision for employees' end of service benefits		7,263	6,189
Movement in allowance for impairment losses of trade receivables, net	11	3,699	19,955
(Gain) / loss on sale of property, plant and equipment	6	(81)	320
Income tax and zakat expenses		1,837	601
Interest on lease liabilities		1,657	1,599
Movement in provision for slow moving inventory, net	10	4,443	9,786
Share of loss from investment in joint venture		2,742	-
Net cash from operating activities before movement in working capital		182,394	147,321
<i>Change in:</i>			
Inventories		77,219	(8,203)
Trade and other receivables		227,866	(82,285)
Due from related parties		7,900	714
Government compensation receivable		(48,346)	(2,600)
Deferred government grant		(5,715)	-
Due to a related party		(4,895)	(3,480)
Trade and other payables		(185,466)	50,505
Cash generated from operating activities		250,957	101,972
Payment of employees' end of service benefits		(7,025)	(6,127)
Income tax paid		(390)	-
Net cash generated from operating activities		243,542	95,845
Cash flows from investing activities			
Acquisition of property, plant and equipment	6	(48,017)	(39,157)
Investment in fixed deposits, net		(129,540)	(63,609)
Investment in subsidiaries, net of cash		(166,670)	-
Interest received		12,652	14,561
Proceeds from sale of property, plant and equipment		373	314
Net cash used in investing activities		(331,202)	(87,891)
Cash flows from financing activities			
Dividend paid	24	(118,800)	(90,000)
Bank borrowings, net		90,537	(119,004)
Interest paid		(4,935)	(10,077)
Proceed from long term loans	15	150,000	223,463
Repayment of principal amount of lease liabilities		(17,338)	(12,900)
Net cash generated from / (used in) financing activities		99,464	(8,518)
Increase / (decrease) in cash and cash equivalents		11,804	(564)
Effect of foreign exchange		(1,645)	(960)
Cash and cash equivalents as at 1 January		155,471	28,833
Cash and cash equivalents as at 30 June	13	165,630	27,309
Non-cash transaction:			
Acquisition of new subsidiaries through issuance of share capital and share premium	14	843,674	-

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

Notes to the condensed consolidated financial statements for the six-month period ended 30 June 2021

1 General information

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

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

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		30 June 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, beverages, 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 six-month period ended 30 June 2021 (continued)**

1 General information (continued)

Name of the subsidiary	Place of incorporation and operation	Share of equity (%)		Principal activities
		30 June 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	-	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (note 25)	Kuwait	100	-	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (note 25)	Jordan	80%	-	Manufacturing and trading in processed protein food products

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 six-month period ended 30 June 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 six-month period ended 30 June 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 stated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except when 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 six-months period ended 30 June 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 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 six-month period ended 30 June 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 six-month period ended 30 June 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.

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.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)****6 Property, plant and equipment**

During the six-month period ended 30 June 2021, the Group acquired 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 (including land grant) respectively (refer note 25). Also acquired on a provisional basis property, plant and equipment of AED 117,458 thousand related to its acquisition of Al Nabil Food Industries LLC (refer note 25).

During the six months period ended 30 June 2021, property, plant and equipment additions amounted to AED 48,017 thousand (30 June 2020 AED 39,157 thousand).

Assets with a carrying amount of AED 292 thousand were disposed during the six-month period ended 30 June 2021 (30 June 2020: AED 634 thousand), resulting in a gain of AED 81 thousand (30 June 2020: loss of AED 320 thousand) which is included in other income, net.

Depreciation charge on property, plant and equipment during the six-month period ended 30 June 2021 amounted to AED 72,473 thousand (30 June 2020: AED 55,528 thousand).

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 Al Foah Company LLC (refer 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 six-month period ended 30 June 2021, there were no impairment indicators for the goodwill across all cash generating units.

During the six-month period ended 30 June 2021, the Group recognised a goodwill of AED 199,770 thousand related to its acquisitions of Al Foah Company LLC and Al Faysal Bakery and Sweets Company WLL amounting to AED 102,465 thousand and AED 97,305 thousand respectively (refer note 25). Also recognised on a provisional basis a goodwill of AED 330,115 thousand related to its acquisition of Al Nabil Food Industries LLC (refer note 25).

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

9 Intangible assets

During the six-month period ended 30 June 2021, the Group recognised intangible assets of AED 51,400 thousand related to its acquisitions of Al Foah Company LLC and Al Faysal Bakery and Sweets Company WLL amounting to AED 18,400 thousand and AED 33,000 thousand respectively (note 25). Also recognised on provisional basis intangible assets of AED 119,071 thousand related to its acquisition of Al Nabil Food Industries LLC (refer note 25).

The amortisation charge on intangible assets during the six-month period ended 30 June 2021 amounted to AED 3,976 thousand (30 June 2020: AED 1,231 thousand).

10 Inventories

During the six-month period ended 30 June 2021, the Group recorded a provision for slow, non-moving and obsolete inventory of AED 4,443 thousand (30 June 2020: AED 9,786 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 8,023 thousand (30 June 2020: AED 6,668 thousand).

11 Trade and other receivables

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade receivables	664,897	550,638
Allowance for impairment losses	(131,135)	(116,345)
	<hr/>	<hr/>
	533,762	434,293
Other receivables	75,993	61,349
Prepayments and advances	65,097	32,127
	<hr/>	<hr/>
	674,852	527,769
	<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 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Balance at beginning of the period / year	116,345	55,865
Acquired through acquisitions during the period	21,716	-
Charge for the period / year	3,818	62,066
Written off for the period / year	(10,744)	(1,586)
	<hr/>	<hr/>
Balance at end of the period / year	131,135	116,345
	<hr/> <hr/>	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 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 six-month period/ year is as follows:

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Opening balance	12,451	27,782
Compensation for the period/ year	63,153	120,440
Amounts received	(14,807)	(135,771)
	<hr/>	<hr/>
Closing balance	60,797	12,451
	<hr/> <hr/>	<hr/> <hr/>

13 Cash and bank balances

	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Cash on hand	4,716	3,683	2,992
Current and savings accounts	187,349	80,734	177,475
	<hr/>	<hr/>	<hr/>
Cash and bank balances	192,065	84,417	180,467
Restricted cash	(26,435)	(25,032)	(24,996)
Bank overdrafts	-	(32,076)	-
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the condensed consolidated statement of cash flows	165,630	27,309	155,471
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	192,065	84,417	180,467
Fixed deposits	724,582	625,199	595,042
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the condensed consolidated statement of financial position	916,647	709,616	775,509
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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. 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 791,577 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
	<hr/>	<hr/>
Issued and fully paid share capital	791,577	600,000
	<hr/>	<hr/>

During the period, the Company issued 191,577 thousand new shares with nominal value of AED 1 each as the acquisition price of Al Foah Company LLC and Al Nabil Food Industries LLC with an aggregate principal amount of AED 450,000 thousand (at a conversion price of AED 3.75 per share) and AED 393,674 thousand (at a conversion price of AED 5.5 per share) respectively (refer note 25), the Company's issued and fully paid share capital increased from 600,000 thousand shares to 791,577 thousand shares.

During the period share premium movement was as follows:

	30 June
	2021
	AED'000
	(unaudited)
Opening balance	-
Issuance of share premium for the acquisition of Al Foah Company LLC (note 25)	330,000
Issuance of share premium for the acquisition of Al Nabil Food Industries LLC (note 25)	322,097
	<hr/>
Closing balance	652,097
	<hr/>

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

15 Bank borrowings

The Group's interest / profit bearing loans and borrowings were as follows:

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current liabilities:		
Credit facilities	332,530	230,651
Short term loans	57,537	55,936
Term loans	24,283	11,971
	<u>414,350</u>	<u>298,558</u>
Non-current liabilities		
Term loans	<u>416,426</u>	<u>237,488</u>
	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Current liabilities:		
Within UAE	362,283	260,031
Outside UAE	52,067	38,527
	<u>414,350</u>	<u>298,558</u>
Non-current liabilities		
Within UAE	333,670	183,670
Outside UAE	82,756	53,818
	<u>416,426</u>	<u>237,488</u>

During the six-month period ended 30 June 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 six-month period ended 30 June 2021 (continued)**

15 Bank borrowings (continued)

Loans assumed through a business acquisition

Upon the acquisition of Al Nabil Food Industries LLC (Note 25), the Group has assumed the liability of bank loans in Jordanian Dinar and US Dollar amounting to AED 46,623 thousand as of 30 June 2021. The loans carry an interest rate ranging from 3% to 6.5% and are repayable over a period ranging from 48 to 60 months. Loans are guaranteed by a warehouse's land and building for the amount of JD 4,400 thousand (AED 22,791 thousand), promissory notes in favour of the Central Bank of Jordan, mortgages on a factory land and building in the amount of JD 4,000 thousand (AED 20,720 thousand), pledge on machines in the amount of JD 1,000 thousand (AED 5,180 thousand). The facilities are coupled with the endorsement of Al Nabil Food Industries LLC "All Risks" insurance policy for an amount of approximately JD 31,000 thousand (AED 160,574 thousand) in favour of the lending banks.

The Group is in the process of assessing and renegotiating the borrowing terms with the lending banks in Jordan to align the same Group's borrowing clauses.

16 Deferred government grant

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

17 Trade and other payables

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Trade payables	220,534	150,031
Accrued expenses	275,403	222,231
Other payables	156,164	145,839
	<hr/> 652,101 <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.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

18 Balances and transactions with related parties (continued)

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 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)
Short term employment benefits	5,180	4,120	10,290	9,352
Long term employment benefits	1,343	1,235	2,981	2,445
	<u>6,523</u>	<u>5,355</u>	<u>13,271</u>	<u>11,797</u>

b) Amounts due to a related party

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Al Foah Company LLC – affiliated company (subsidiary in 2021, refer to note 25)	-	4,895
	<u> </u>	<u> </u>

c) Amounts due from related parties

	30 June 2021 AED'000 (unaudited)	31 December 2020 AED'000 (audited)
Dubai Cable Company (Private) Limited - affiliated company	162	172
Emirates Iron & Steel Company LLC – affiliated company	148	165
General Holding Corporation PJSC (SENAAT) – parent company	282	71
	<u>592</u>	<u>408</u>

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

18 Balances and transactions with related parties (continued)

d) Transactions with related parties

	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)
Sales	411	823
Purchases	-	4,194
Expenses recharged	-	15

During the six-month period ended 30 June 2021, the Company has acquired 100% of the shares of Al Foah Company LLC from a related party and 80% of the shares of Al Nabil Food Industries LLC out of which 60% was also from a related party.

19 Basic and diluted earnings per share

	Three month-period ended		Six month-period ended	
	30 June 2021 (unaudited)	30 June 2020 (unaudited)	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Profit for the period attributable to the Owners of the Company (AED'000)	18,336	15,626	67,920	42,263
Weighted average number of ordinary shares in issue throughout the period ('000)	720,795	600,000	717,731	600,000
Basic and diluted earnings per share (AED)	0.025	0.026	0.095	0.070

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.

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)****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, bottling, trading and distribution of drinking water and beverages.
- Food includes manufacturing, packaging, distribution and trading of tomato and chili paste, fruit concentrate, frozen vegetables, fresh dairy products, frozen baked products, processed protein products, and dates.

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

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 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>							
	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)	30 June 2021 AED'000 (unaudited)	30 June 2020 AED'000 (unaudited)
Revenues	476,841	522,953	407,102	428,470	481,395	180,487	888,497	599,271	1,365,338	1,131,910
Intra-group	(13,331)	(17,238)	(17,197)	(16,852)	(16,443)	(8,148)	(33,640)	(15,314)	(46,971)	(42,238)
External revenues	463,510	505,715	389,905	411,618	464,952	172,339	854,857	583,957	1,318,367	1,089,672
Gross profit	98,146	120,295	180,275	186,907	117,222	32,206	297,497	219,113	395,643	339,408
Reportable segment profit	53,444	68,181	20,165	320	41,186	12,858	61,351	13,178	114,795	81,359
<i>Material non-cash item</i>										
Impairment losses on trade receivables, net	1,487	4,459	2,227	16,013	104	-	2,331	16,013	3,818	20,472

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

20 Segmental analysis (continued)

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

	Six-month period ended	
	30 June 2021 (unaudited) AED'000	30 June 2020 (unaudited) AED'000
Total profit for reportable segments	114,795	81,359
<i>Unallocated amounts</i>		
Other operating expenses	(48,050)	(44,460)
Net finance income	3,997	6,080
Consolidated profit for the period	70,742	42,979
Non-controlling interests	(2,822)	(716)
Consolidated profit for the period attributable to the Owners of the Company	67,920	42,263
	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Segment Assets		
Agri Business Division	573,884	526,521
Consumer Business Division	2,308,260	1,506,557
Total assets for reportable segments	2,882,144	2,033,078
Other unallocated amounts	1,715,054	1,107,593
Total assets	4,597,198	3,140,671
Segment Liabilities		
Agri Business Division	191,590	184,334
Consumer Business Division	777,817	505,710
Total liabilities for reportable segments	969,407	690,044
Other unallocated amounts	775,801	522,456
Total liabilities	1,745,208	1,212,500

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

21 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.

For the six-month period ended 30 June 2020, no significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss.

22 Contingent liabilities and commitments

	30 June 2021 (unaudited) AED'000	31 December 2020 (audited) AED'000
Bank guarantees	74,448	73,648
Letters of credit	242,712	129
Capital commitments	38,581	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).

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

23 Fair value of financial instruments (continued)

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.

24 Dividend

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

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 sourcing, processing and trading of dates and date related products. The Group has acquired Al Foah to diversify its portfolio mix and to expand within new markets. The acquisition has been accounted for using the acquisition method. The condensed consolidated financial statements include the amounts of Al Foah for the period from the acquisition date. Fair values of the identifiable assets and liabilities of Al Foah as at the date of acquisition were:

	Fair value on acquisition (unaudited) AED'000
Assets	
Property, plant and equipment	181,259
Brand names	12,400
Customer contracts	6,000
Inventories	118,969
Trade and other receivables	147,225
Cash and bank balances	46,494
Due from related parties	144,767
Other assets	10,228
	<hr/>
Total assets	667,342
	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

25 Business combinations (continued)

a) Al Foah Company LLC acquisition (continued)

	Fair value on acquisition (unaudited) AED'000
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	347,535
	<hr/> <hr/>
Goodwill arising on acquisition	102,465
	<hr/> <hr/>
Purchase considerations satisfied through issuing 120,000 thousand common shares (note 14)	450,000
	<hr/> <hr/>
<i>Analysis of cash flow on acquisition were:</i>	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	46,494
	<hr/> <hr/>

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 amounts of Al Faysal as at the acquisition date. Fair values of the identifiable assets and liabilities of Al Faysal as at the date of acquisition were:

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

25 Business combinations (continued)

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

	Fair value 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
	<hr/>
Total assets	114,030
	<hr/> <hr/>
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	63,600
	<hr/> <hr/>
Goodwill arising on acquisition	97,305
	<hr/> <hr/>
Purchase considerations satisfied	160,905
	<hr/> <hr/>
<i>Analysis of cash flow on acquisition were:</i>	
Net cash acquired with the subsidiary	16,118
Cash considerations paid	(160,905)
	<hr/> <hr/>
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(144,787)
	<hr/> <hr/>

**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

25 Business combination (continued)

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

* 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 30 June 2021, the fair value for the contingent consideration amounted to AED 22,000 thousand given the performance indicators of Al Faysal against the target.

c) Al Nabil Food Industries Limited

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

	Provisional amounts on acquisition (unaudited) AED’000
Assets	
Property, plant and equipment	117,458
Brand name	104,003
Customer relationships	15,068
Inventories	51,954
Trade and other receivables	81,546
Cash and bank balances	57,558
Other non-current assets	5,662
Other current assets	4,180
	<hr/>
Total assets	437,429
	<hr/> <hr/>
Liabilities	
Bank borrowings	(48,612)
Trade and other payables	(63,900)
Other non-current liabilities	(2,802)
Other current liabilities	(2,719)
	<hr/>
Total liabilities	(118,033)
	<hr/> <hr/>
Total identifiable net assets at fair value (provisional)	319,396
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**Notes to the condensed consolidated financial statements
for the six-month period ended 30 June 2021 (continued)**

25 Business combination (continued)

	AED'000
Total identifiable net assets at fair value (provisional)	319,396
Goodwill	330,115
Non-controlling interests acquired	(129,902)
Total considerations satisfied	519,609

Total considerations satisfied to acquired 80% shares of Al Nabil were as follows:

	AED'000
Equity considerations through issuing 71,577 thousand common shares (note 14)	393,674
Cash considerations	125,935
Total considerations satisfied	519,609

d) Ismailia Agricultural and Industrial Investment (Furat)

On 7 April 2021, the Company's Board of Directors approved the 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 Ismailia is a joint stock company incorporated in Egypt in 2004 and its main objectives are to produce frozen processed protein products with a portfolio of four brands (Atyab Meatland, Shiketita and Furat).