

**AGTHIA GROUP PJSC**

**Report and interim condensed consolidated  
financial statements for the nine-month  
period ended 30 September 2022**

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	<b>Pages</b>
<b>Report on review of interim financial information</b>	<b>1</b>
<b>Interim condensed consolidated statement of financial position</b>	<b>2 - 3</b>
<b>Interim condensed consolidated statement of profit or loss</b>	<b>4</b>
<b>Interim condensed consolidated statement of comprehensive income</b>	<b>5</b>
<b>Interim condensed consolidated statement of changes in equity</b>	<b>6</b>
<b>Interim condensed consolidated statement of cash flows</b>	<b>7 - 8</b>
<b>Notes to the interim condensed consolidated financial statements</b>	<b>9 - 27</b>

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

### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as (the “Group”)) as at 30 September 2022 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine-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.

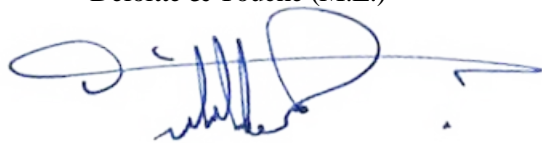
### *Scope of review*

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  
8 November 2022  
Abu Dhabi  
United Arab Emirates

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

	Notes	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	6	76,995	109,444
Property, plant and equipment	7	1,439,522	1,500,436
Investment in an associate and a joint venture	8	21,201	24,251
Goodwill	9	1,646,032	1,646,032
Intangible assets	10	419,631	439,110
<b>Total non-current assets</b>		<b>3,603,381</b>	<b>3,719,273</b>
<b>Current assets</b>			
Inventories	11	918,173	708,241
Trade and other receivables	12	822,319	813,044
Government compensation receivable	13	38,625	10,283
Due from related parties	18	13,751	14,778
Cash and bank balances	14	1,218,173	1,123,257
<b>Total current assets</b>		<b>3,011,041</b>	<b>2,669,603</b>
<b>Total assets</b>		<b>6,614,422</b>	<b>6,388,876</b>

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

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

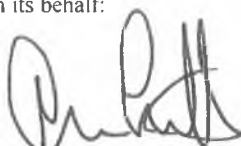
Notes	30 September 2022 (unaudited) AED'000	31 December 2021 (audited) AED'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
	791,577	791,577
Share capital		
	652,097	652,097
Share premium		
	227,263	227,263
Legal reserve		
	(114,138)	(77,742)
Translation reserve		
	1,213,269	1,166,698
Retained earnings		
	2,770,068	2,759,893
<b>Equity attributable to the owners of the Company</b>		
	211,057	198,626
Non-controlling interests		
<b>Total equity</b>	<b>2,981,125</b>	<b>2,958,519</b>
<b>Non-current liabilities</b>		
	106,731	123,817
Provision for employees' end of service benefits		
	1,430,176	1,636,953
Bank borrowings	15	
	47,416	74,107
Lease liabilities		
	24,441	28,940
Deferred government grant	16	
<b>Total non-current liabilities</b>	<b>1,608,764</b>	<b>1,863,817</b>
<b>Current liabilities</b>		
	573,258	422,224
Bank borrowings	15	
	26,435	33,092
Lease liabilities		
	8,997	11,245
Deferred government grant	16	
	1,314,147	976,283
Trade and other payables	17	
	101,696	123,696
Contingent considerations	25	
<b>Total current liabilities</b>	<b>2,024,533</b>	<b>1,566,540</b>
<b>Total liabilities</b>	<b>3,633,297</b>	<b>3,430,357</b>
<b>Total equity and liabilities</b>	<b>6,614,422</b>	<b>6,388,876</b>

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

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 8 November 2022 and signed on its behalf:



**Khalifa Sultan Al Suwaidi**  
Chairman



**Alan Smith**  
Chief Executive Officer



**Niraj Jain**  
Acting Chief Financial Officer

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

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

	Note	Three-month period ended 30 September		Nine-month period ended 30 September	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
Revenue		<b>953,543</b>	795,137	<b>2,949,164</b>	2,113,504
Cost of sales		<b>(685,483)</b>	(561,251)	<b>(2,105,917)</b>	(1,489,536)
<b>Gross profit</b>		<b>268,060</b>	233,886	<b>843,247</b>	623,968
Selling and distribution expenses		<b>(127,446)</b>	(116,396)	<b>(385,719)</b>	(322,755)
General and administrative expenses		<b>(82,920)</b>	(74,816)	<b>(249,866)</b>	(201,916)
Research and development cost		<b>(2,149)</b>	(2,336)	<b>(6,986)</b>	(6,861)
Other income, net		<b>14,500</b>	9,528	<b>32,379</b>	32,396
<b>Operating profit</b>		<b>70,045</b>	49,866	<b>233,055</b>	124,832
Finance income		<b>7,599</b>	4,063	<b>18,443</b>	12,080
Finance expense		<b>(23,388)</b>	(5,895)	<b>(49,153)</b>	(13,557)
Share of profit/(loss) from investment in a joint venture and an associate, net		<b>914</b>	(574)	<b>2,507</b>	(3,316)
<b>Profit for the period before income tax and zakat</b>		<b>55,170</b>	47,460	<b>204,852</b>	120,039
Income tax and zakat expense		<b>(7,992)</b>	(5,360)	<b>(22,443)</b>	(7,197)
<b>Profit for the period</b>		<b>47,178</b>	42,100	<b>182,409</b>	112,842
<b>Attributable to:</b>					
Owners of the Company		<b>40,456</b>	35,377	<b>158,556</b>	103,297
Non-controlling interests		<b>6,722</b>	6,723	<b>23,853</b>	9,545
		<b>47,178</b>	42,100	<b>182,409</b>	112,842
<b>Basic and diluted earnings per share (AED)</b>	<b>19</b>	<b>0.051</b>	0.045	<b>0.200</b>	0.139

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

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

	<b>Three-month period ended 30 September</b>		<b>Nine-month period ended 30 September</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>	<b>AED'000</b>
<b>Profit for the period</b>	<b>47,178</b>	42,100	<b>182,409</b>	112,842
<b>Other comprehensive loss:</b>				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	<b>(9,537)</b>	(889)	<b>(44,584)</b>	(4,258)
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	<b>5,157</b>	-	<b>18,773</b>	1,670
<b>Other comprehensive loss</b>	<b>(4,380)</b>	(889)	<b>(25,811)</b>	(2,588)
<b>Total comprehensive income for the period</b>	<b>42,798</b>	41,211	<b>156,598</b>	110,254
<b>Attributable to:</b>				
Owners of the Company	<b>37,747</b>	34,541	<b>140,785</b>	100,439
Non-controlling interests	<b>5,051</b>	6,670	<b>15,813</b>	9,815
	<b>42,798</b>	41,211	<b>156,598</b>	110,254

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

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

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Retained earnings AED'000	Attributable to Owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance as at 31 December 2020 (audited)	600,000	-	205,659	(64,254)	1,157,104	1,898,509	29,662	1,928,171
Profit for the period	-	-	-	-	103,297	103,297	9,545	112,842
<i>Other comprehensive (loss)/income for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(4,522)	-	(4,522)	264	(4,258)
Re-measurement of employees' end of service benefits	-	-	-	-	1,664	1,664	6	1,670
<i>Total comprehensive (loss)/income for the period</i>	-	-	-	(4,522)	104,961	100,439	9,815	110,254
Dividend declared during the period (note 24)	-	-	-	-	(184,105)	(184,105)	-	(184,105)
Issuance of share capital and share premium	191,577	652,097	-	-	-	843,674	-	843,674
Non-controlling interests acquired	-	-	-	-	-	-	119,194	119,194
Balance as at 30 September 2021 (unaudited)	791,577	652,097	205,659	(68,776)	1,077,960	2,658,517	158,671	2,817,188
Balance as at 31 December 2021 (audited)	791,577	652,097	227,263	(77,742)	1,166,698	2,759,893	198,626	2,958,519
Profit for the period	-	-	-	-	158,556	158,556	23,853	182,409
<i>Other comprehensive (loss)/income for the period:</i>								
Foreign currency translation difference on foreign operations	-	-	-	(36,396)	-	(36,396)	(8,188)	(44,584)
Re-measurement of employees' end of service benefits	-	-	-	-	18,625	18,625	148	18,773
<i>Total comprehensive (loss)/income for the period</i>	-	-	-	(36,396)	177,181	140,785	15,813	156,598
Dividend declared during the period (note 24)	-	-	-	-	(130,310)	(130,310)	-	(130,310)
Dividend paid to NCI	-	-	-	-	-	-	(3,382)	(3,382)
<b>Balance as at 30 September 2022 (unaudited)</b>	<b>791,577</b>	<b>652,097</b>	<b>227,263</b>	<b>(114,138)</b>	<b>1,213,269</b>	<b>2,770,068</b>	<b>211,057</b>	<b>2,981,125</b>

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



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

	Notes	Nine-month period ended 30 September	
		2022 AED'000	2021 AED'000
<b>Cash flows from operating activities</b>			
Profit for the period		182,409	112,842
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	121,279	113,047
Amortisation of intangible assets	10	18,346	8,364
Amortisation of right-of-use assets	6	29,815	24,840
Finance income		(18,443)	(12,080)
Interest expense		44,702	10,504
Provision for employees' end of service benefits		12,929	10,905
Movement in allowance for impairment losses of trade receivables	12	4,078	6,025
Provision for slow moving inventory	11	1,352	8,568
Gain on sale of property, plant and equipment		(2,048)	(584)
Interest expense on lease liabilities		4,032	2,890
Share of (profit)/loss from investment in a joint venture and an associate, net		(2,507)	3,316
Income tax and zakat expenses		22,443	7,197
<b>Net cash from operating activities before movement in working capital</b>		<b>418,387</b>	<b>295,834</b>
<i>Change in:</i>			
Inventories		(211,284)	(10,318)
Trade and other receivables		(14,528)	156,726
Due from related parties		1,027	8,099
Government compensation receivable		(28,342)	(22,817)
Due to a related party		-	(4,895)
Deferred government grant		(6,747)	(8,555)
Trade and other payables		239,788	78,602
<b>Cash generated from operating activities</b>		<b>398,301</b>	<b>492,676</b>
Payment of employees' end of service benefits		(11,133)	(10,351)
Income tax paid		(26,753)	(390)
<b>Net cash generated from operating activities</b>		<b>360,415</b>	<b>481,935</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(92,513)	(80,699)
Investment in fixed deposits, net		(106,793)	(115,985)
Investment in subsidiaries, net of cash acquired		-	(718,363)
Interest received		19,618	13,077
Dividends from an associate		5,557	-
Proceeds from sale of property, plant and equipment		2,536	906
<b>Net cash used in investing activities</b>		<b>(171,595)</b>	<b>(901,064)</b>

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

**Interim condensed consolidated statement of cash flows (unaudited)  
for the nine-month period ended 30 September 2022 (continued)**

	Notes	Nine-month period ended 30 September	
		2022 AED'000	2021 AED'000
<b>Net cash used in investing activities</b>		<b>(171,595)</b>	(901,064)
<b>Cash flows from financing activities</b>			
Dividend paid to owners of the Company	24	(65,305)	(118,800)
Dividend paid to non-controlling interests		(3,382)	-
Bank borrowings, net		(141,162)	99,328
Proceeds from long term loans	15	-	700,950
Interest paid		(29,621)	(9,564)
Repayment of principal amount of lease liabilities		(38,845)	(28,069)
<b>Net cash (used in)/generated from financing activities</b>		<b>(278,315)</b>	643,845
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(89,495)</b>	224,716
Net effect of foreign exchange		(7,801)	(1,894)
<b>Cash and cash equivalents as at 1 January</b>		<b>227,863</b>	155,471
<b>Cash and cash equivalents as at 30 September</b>	14	<b>130,567</b>	378,293
<b>Non-cash transaction</b>			
Acquisition of subsidiaries through issuance of shares		-	843,674

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

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2022**

**1 General information**

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

In response to the spread of the Covid-19 where the Group operates and its resulting disruptions to the social and economic activities in those markets, the Group management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creation of a contingency plan, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets. The Group business operations currently remain largely unaffected as the food and beverage industry in general is exempted from various bans and constraints imposed by various regulatory authorities. Based on these factors, the Group management believes that the Covid-19 pandemic has had no material effects on the Group reported interim condensed consolidated financial results for the period ended 30 September 2022. The Group management continues to monitor the situation closely.

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

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

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

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021	
Grand Mills Company PJSC (Agri business division)	UAE	100	100	100	100	Production and sale of flour and animal feed.
Al Ain Food and Beverages PJSC (Al Ain Water)	UAE	100	100	100	100	Production and sale of bottled water, flavored water, juices, yogurt, tomato paste, frozen vegetables, frozen baked products and trading products.
Agthia Group Egypt LLC (Agthia Egypt)	Egypt	100	100	100	100	Processing and sale of tomato paste, chilli paste, fruit concentrate and frozen vegetables.

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

**1 General information (continued)**

Name of the subsidiary	Place of incorporation and operation	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		30 Sep 2022	31 Dec 2021	30 Sep 2022	31 Dec 2021	
Al Bayan Purification and Potable Water LLC (Al Bayan)	UAE	100	100	100	100	Production, bottling and sale of bottled water.
Delta Alagthia for Manufacturing Company Limited (Delta)	KSA	100	100	100	100	Production, bottling and sale of bottled water.
Al Rammah National for General Trading and Contracting Company WLL (Al Rammah)	Kuwait	50	50	50	50	Production, bottling and sale of bottled water.
Al Foah Company LLC (Foah)	UAE	100	100	100	100	Sourcing, processing and trading of dates related products
Al Faysal Bakery and Sweets Company WLL (Al Faysal)	Kuwait	100	100	100	100	Manufacturing and trading in bakery and foodstuff
Al Nabil Food Industries LLC (Al Nabil)	Jordan	80	80	80	80	Manufacturing and trading in processed protein food products
Ismailia Agricultural and Industrial Investment (Furat) (Atyab)	Egypt	75.02	75.02	75.02	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) (note 25) *	KSA	100	100	80	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) (note 25) *	UAE	100	100	80	80	Manufacturing and trading of sweets and snacking items.

\* Represents the Group beneficial ownership after excluding the economic interest of the management party (note 25). Agthia Group legally owns 100% of these companies issued share capital.

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

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group’s future transactions or arrangements.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*  
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.  
  
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.
- *Reference to the Conceptual Framework – Amendments to IFRS 3*  
The amendments replace a reference to a previous version of the IASB’s Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.  
  
The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.
- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*  
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*  
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s consolidated financial statements, based on the parent’s date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

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

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

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

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

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

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2022 (continued)****2 Application of new and revised International Financial Reporting Standards (“IFRSs”) (continued)****2.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)**

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

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

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

**3 Basis of preparation**

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

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

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

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

These interim condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2021. In addition, results for the nine-months period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

**4 Summary of significant accounting policies**

The accounting policies used in the preparation of this interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2021, and the notes attached thereto.

**5 Accounting estimates and judgements**

The critical judgements and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. However, as explained in Note 1 above, the Group has reviewed the key sources of estimation uncertainties disclosed in the last annual consolidated financial statements against the backdrop of Covid-19 pandemic. Management believes that other than the expected credit losses arising on the financial assets, all other sources of estimation uncertainty remain similar to those disclosed in the annual consolidated financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**6 Right-of-use assets**

During the nine-month period ended 30 September 2022, right-of-use assets additions amounted to AED 12,301 thousand (30 September 2021 AED 16,723 thousand).

During the nine-month period ended 30 September 2022, right-of-use assets with a carrying amount of AED 10,836 thousand were terminated (30 September 2021: AED 404 thousand).

Amortisation charge on right-of-use assets during the nine-month period ended 30 September 2022 amounted to AED 29,815 thousand (30 September 2021: AED 24,840 thousand).

**7 Property, plant and equipment**

During the nine-month period ended 30 September 2022, property, plant and equipment additions amounted to AED 92,513 thousand (30 September 2021 AED 80,699 thousand).

Assets with a carrying amount of AED 488 thousand were disposed during the nine-month period ended 30 September 2021 (30 September 2021: AED 320 thousand), resulting in a gain of AED 2,048 thousand (30 September 2021: gain of AED 584 thousand) which is included in other income, net.

Depreciation charge on property, plant and equipment during the nine-month period ended 30 September 2022 amounted to AED 121,279 thousand (30 September 2021: AED 113,047 thousand).



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

**8 Investment in an associate and a joint venture**

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

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

**9 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 nine-month period ended 30 September 2022, there were no impairment indicators for the goodwill across all cash generating units.

**10 Intangible assets**

The amortisation charge on intangible assets during the nine-month period ended 30 September 2022 amounted to AED 18,346 thousand (30 September 2022: AED 8,364 thousand).

**11 Inventories**

During the nine-month period ended 30 September 2022, the Group recorded a net provision for slow, non-moving and obsolete inventory of AED 1,352 thousand (30 September 2021: AED 8,568 thousand). The charge is included in cost of sales.

Furthermore, the Group has written off previous provisions for slow, non-moving and obsolete inventory of AED 6,450 thousand (30 September 2021: AED 14,436 thousand).

**12 Trade and other receivables**

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Trade receivables	<b>787,095</b>	826,183
Allowance for impairment losses	<b>(124,031)</b>	(141,850)
	<hr/>	<hr/>
	<b>663,064</b>	684,333
Prepayments and advances	<b>93,901</b>	72,150
Other receivables	<b>65,354</b>	56,561
	<hr/>	<hr/>
	<b>822,319</b>	813,044
	<hr/> <hr/>	<hr/> <hr/>

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

**12 Trade and other receivables (continued)**

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

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Balance at beginning of the period/year	<b>141,850</b>	116,345
Acquired through business combinations	-	27,776
Charge for the period/year, net	<b>4,078</b>	12,674
Written off for the period/year	<b>(21,897)</b>	(14,945)
	<hr/>	<hr/>
Balance at end of the period/year	<b>124,031</b>	141,850
	<hr/> <hr/>	<hr/> <hr/>

**13 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 nine-month period/ year is as follows:

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Opening balance	<b>10,283</b>	12,451
Compensation claimed for the period/ year	<b>91,552</b>	150,708
Amounts received	<b>(63,210)</b>	(152,876)
	<hr/>	<hr/>
Closing balance	<b>38,625</b>	10,283
	<hr/> <hr/>	<hr/> <hr/>

**14 Cash and bank balances**

	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash on hand	<b>10,854</b>	8,189	5,168
Current and savings accounts	<b>230,469</b>	399,523	248,032
	<hr/>	<hr/>	<hr/>
Cash and bank balances	<b>241,323</b>	407,712	253,200
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**14 Cash and bank balances (continued)**

	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Cash and bank balances	<b>241,323</b>	407,712	253,200
Restricted cash	<b>(24,938)</b>	(24,971)	(24,969)
Bank overdrafts	<b>(85,818)</b>	(4,448)	(368)
<b>Cash and cash equivalents in the condensed consolidated statement of cash flows</b>	<b>130,567</b>	378,293	227,863
Cash and bank balances	<b>241,323</b>	407,712	253,200
Fixed deposits	<b>976,850</b>	711,027	870,057
<b>Cash and bank balances in the condensed consolidated statement of financial position</b>	<b>1,218,173</b>	1,118,739	1,123,257

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

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

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

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

**15 Bank borrowings**

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

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<b>Current liabilities:</b>		
Credit facilities	475,881	406,173
Bank overdrafts	85,818	368
Term loans	11,559	15,683
	<u>573,258</u>	<u>422,224</u>
<b>Non-current liabilities</b>		
Term loans	<u>1,430,176</u>	<u>1,636,953</u>
	<b>30 September 2022 AED'000 (unaudited)</b>	<b>31 December 2021 AED'000 (audited)</b>
<b>Current liabilities:</b>		
Within UAE	486,318	373,281
Outside UAE	86,940	48,943
	<u>573,258</u>	<u>422,224</u>
<b>Non-current liabilities</b>		
Within UAE	1,402,715	1,586,163
Outside UAE	27,461	50,790
	<u>1,430,176</u>	<u>1,636,953</u>

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

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

**17 Trade and other payables**

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Trade payables	<b>514,394</b>	371,378
Accrued expenses	<b>341,828</b>	350,276
Advances and deposits	<b>38,181</b>	49,844
Unclaimed dividends (2009-2014)	<b>25,408</b>	25,651
Dividends payable	<b>65,305</b>	-
Payable to farmers	<b>234,113</b>	93,000
Other payables	<b>94,918</b>	86,134
	<b>1,314,147</b>	976,283

**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:

	<b>Three month-period ended</b>		<b>Nine month-period ended</b>	
	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)
Short term employment benefits	<b>2,947</b>	4,360	<b>14,004</b>	14,651
Long term employment benefits	<b>787</b>	1,167	<b>3,299</b>	4,148
	<b>3,734</b>	5,527	<b>17,303</b>	18,799

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

**18 Balances and transactions with related parties (continued)**

*b) Amounts due from related parties*

	<b>30 September 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Kottouf & Hala Trading Co. – associate company	<b>12,421</b>	14,352
Abu Dhabi Development Holding Company (ADQ) – parent company	<b>606</b>	-
Emirates Iron & Steel Company LLC – affiliated company	<b>492</b>	288
Dubai Cable Company (Private) Limited - affiliated company	<b>232</b>	138
	<b>13,751</b>	14,778

*c) Transactions with related parties*

	<b>Three month-period ended</b>		<b>Nine month-period ended</b>	
	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)	<b>30 September 2022 AED'000 (unaudited)</b>	30 September 2021 AED'000 (unaudited)
Sales	<b>15,562</b>	189	<b>68,760</b>	600
Expenses recharged	<b>606</b>	-	<b>606</b>	-

**19 Basic and diluted earnings per share**

	<b>Three month-period ended</b>		<b>Nine month-period ended</b>	
	<b>30 September 2022 (unaudited)</b>	30 September 2021 (unaudited)	<b>30 September 2022 (unaudited)</b>	30 September 2021 (unaudited)
Profit for the period attributable to the Owners of the Company (AED'000)	<b>40,456</b>	35,377	<b>158,556</b>	103,297
Weighted average number of ordinary shares in issue throughout the period ('000)	<b>791,577</b>	791,577	<b>791,577</b>	742,625
Basic and diluted earnings per share (AED)	<b>0.051</b>	0.045	<b>0.200</b>	0.139

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 interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2022 (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")**

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

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

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

20 Segmental analysis (continued)

	Agri Business Division ("ABD")		Consumer Business Division ("CBD")								Total	
			Water and Food		Protein and FV		Snacks		Total CBD			
	30 September 2022 AED'000	30 September 2021 AED'000	30 September 2022 AED'000	30 September 2021 AED'000	30 September 2022 AED'000	30 September 2021 AED'000	30 September 2022 AED'000	30 September 2021 AED'000	30 September 2022 AED'000	30 September 2021 AED'000	30 September 2022 AED'000	30 September 2021 AED'000
Revenues	<b>782,022</b>	711,477	<b>747,118</b>	745,629	<b>891,292</b>	384,845	<b>603,829</b>	338,712	<b>2,242,239</b>	1,469,186	<b>3,024,261</b>	2,180,663
Intra-group	<b>(23,229)</b>	(19,333)	<b>(34,594)</b>	(31,018)	<b>(12,786)</b>	(12,098)	<b>(4,488)</b>	(4,710)	<b>(51,868)</b>	(47,826)	<b>(75,097)</b>	(67,159)
External revenues	<b>758,793</b>	692,144	<b>712,524</b>	714,611	<b>878,506</b>	372,747	<b>599,341</b>	334,002	<b>2,190,371</b>	1,421,360	<b>2,949,164</b>	2,113,504
Gross profit	<b>174,067</b>	144,006	<b>266,394</b>	289,684	<b>226,312</b>	99,715	<b>184,312</b>	98,295	<b>677,018</b>	487,694	<b>851,085</b>	631,700
Reportable segment profit	<b>108,466</b>	76,677	<b>23,179</b>	39,818	<b>68,176</b>	29,561	<b>76,102</b>	37,345	<b>167,457</b>	106,724	<b>275,923</b>	183,401
<i>Material non-cash item</i> Impairment loss on trade receivables, net	<b>3,299</b>	2,139	<b>2,671</b>	3,009	-	570	<b>(1,892)</b>	307	<b>779</b>	3,886	<b>4,078</b>	6,025



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

20 Segmental analysis (continued)

	<u>Agri Business Division (ABD)</u>		<u>Consumer Business Division (CBD)</u>		<u>Total Segments</u>	
	<b>30 September 2022 AED'000</b>	31 December 2021 AED'000	<b>30 September 2022 AED'000</b>	31 December 2021 AED'000	<b>30 September 2022 AED'000</b>	31 December 2021 AED'000
<i>Others:</i>						
Segment assets	<b>755,950</b>	606,456	<b>2,785,453</b>	2,786,099	<b>3,541,403</b>	3,392,555
Segment liabilities	<b>379,892</b>	221,156	<b>1,117,690</b>	1,053,757	<b>1,497,582</b>	1,274,913
	<u>Agri Business Division (ABD)</u>		<u>Consumer Business Division (CBD)</u>		<u>Total Segments</u>	
	<b>30 September 2022 AED'000</b>	30 September 2021 AED'000	<b>30 September 2022 AED'000</b>	30 September 2021 AED'000	<b>30 September 2022 AED'000</b>	30 September 2021 AED'000
Capital expenditure	<b>4,933</b>	6,163	<b>84,768</b>	74,168	<b>89,701</b>	80,331

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

**20 Segmental analysis (continued)**

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

	<b>Nine-month period ended</b>	
	<b>30 September 2022 (unaudited) AED'000</b>	30 September 2021 (unaudited) AED'000
Total profit for reportable segments	<b>275,923</b>	183,401
<i>Unallocated amounts</i>		
Other operating expenses	<b>(68,292)</b>	(74,412)
Net finance (expense)/income	<b>(25,222)</b>	3,853
Consolidated profit for the period	<b>182,409</b>	112,842
Non-controlling interests	<b>(23,853)</b>	(9,545)
<b>Consolidated profit for the period attributable to the Owners of the Company</b>	<b>158,556</b>	103,297

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

	<b>30 September 2022 (unaudited) AED'000</b>	31 December 2021 (audited) AED'000
<b>Segment Assets</b>		
Agri Business Division	<b>755,950</b>	606,456
Consumer Business Division	<b>2,785,453</b>	2,786,099
Total assets for reportable segments	<b>3,541,403</b>	3,392,555
Other unallocated amounts	<b>3,073,019</b>	2,996,321
<b>Total assets</b>	<b>6,614,422</b>	6,388,876
<b>Segment liabilities</b>		
Agri Business Division	<b>379,892</b>	221,156
Consumer Business Division	<b>1,117,690</b>	1,053,757
Total liabilities for reportable segments	<b>1,497,582</b>	1,274,913
Other unallocated amounts	<b>2,135,715</b>	2,155,444
<b>Total liabilities</b>	<b>3,633,297</b>	3,430,357

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2022 (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.

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

**22 Contingent liabilities and commitments**

	<b>30 September 2022 (unaudited) AED'000</b>	31 December 2021 (audited) AED'000
Bank guarantees	<b>22,187</b>	39,660
Letters of credit	<b>111,786</b>	111,513
Capital commitments	<b>37,465</b>	44,971

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

**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 interim condensed consolidated statement of financial position.

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

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

The fair value hierarchy levels have been defined as follows:

- **Level 1** – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Notes to the interim condensed consolidated financial statements  
for the nine-month period ended 30 September 2022 (continued)****23 Fair value of financial instruments (continued)**

- **Level 3** – fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

**24 Dividends**

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

At the Extraordinary General Meeting held on 15 September 2022, the shareholders' approved interim cash dividends of AED 65,305 thousand for the six-month period ended 30 June 2022 which represents 8.25% of the 791,577 thousand issued share capital at the time of dividend declaration (At the Extraordinary General Meeting was held on 27 September 2021, the shareholders' approved interim cash dividends of AED 65,305 thousand for the six-month period ended 30 June 2021 which represents 8.25% of the 791,577 thousand issued share capital at the time of dividend declaration). Dividends were paid subsequent to the reporting period and disclosed in these condensed consolidated financial statements as dividends payable (refer note 17).

**25 Business combinations****a) Ripplette Corp. and Mediterranean Confectionary Company Limited**

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

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

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

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

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

**25 Business combinations (continued)**

**b) Acquisition of Abu Auf Holding Netherlands B.V**

On 14 July 2022, the Group's Board of Directors has approved a strategic acquisition of 60% stake in Abu Auf Holding Netherlands B.V. ("Abu Auf"), Abu Auf's main subsidiary is a joint stock company incorporated in Egypt and its main objectives are manufacturing, distribution and operating retail stores and kiosks of speciality products and healthy snacks. As at the date of the review, acquisition procedures are still in progress and no acquisition date has been determined due to legal and other acquisition related procedures.