

AGTHIA GROUP PJSC

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024
(UNAUDITED)**

AGTHIA GROUP PJSC

Review report and interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (unaudited)

	Pages
Report on review of interim condensed consolidated financial statements	1
Interim condensed consolidated statement of financial position	2 - 3
Interim condensed consolidated statement of profit or loss	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8 - 21

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AGTHIA GROUP PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Agthia Group PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2024, which comprise the interim condensed consolidated statement of financial position as at 30 June 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and six month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and fair 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.

Other matter

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2023, were reviewed by another auditor who expressed an unmodified conclusion on those financial statements on 2 August 2023. Also, the consolidated financial statements of the Group for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 5 March 2024.

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*”.

For Ernst & Young



Ahmad Al Dali
Registration No.: 5548

6 August 2024

Abu Dhabi, United Arab Emirates

AGTHIA GROUP PJSC

Interim condensed consolidated statement of financial position as at 30 June 2024 (unaudited)

		30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
	Notes		
Assets			
Non-current assets			
Right-of-use assets	6	106,097	108,133
Property, plant and equipment	7	1,411,891	1,460,821
Investment in associates and a joint venture	8	22,690	19,905
Goodwill	9	1,858,593	1,858,593
Intangible assets	9,10	542,951	549,513
Total non-current assets		3,942,222	3,996,965
Current assets			
Inventories	11	711,301	926,834
Trade and other receivables	12	1,071,141	1,071,413
Due from related parties	17	14,739	15,142
Cash and bank balances	13	402,968	629,958
Total current assets		2,200,149	2,643,347
Total assets		6,142,371	6,640,312
Equity and liabilities			
Equity			
Share capital		831,156	791,577
Share premium		612,518	652,097
Legal reserve		278,043	278,043
Translation reserve		(260,154)	(186,549)
Retained earnings		1,345,548	1,374,609
Equity attributable to the equity holders of the parent		2,807,111	2,909,777
Non-controlling interests		161,211	283,770
Total equity		2,968,322	3,193,547

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

AGTHIA GROUP PJSC

Interim condensed consolidated statement of financial position as at 30 June 2024 (continued) (unaudited)

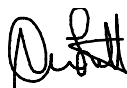
	Notes	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Non-current liabilities			
Provision for employees' end of service benefits		109,997	111,243
Bank borrowings	14	1,273,875	1,229,603
Lease liabilities		73,667	75,126
Deferred government grant	15	8,884	13,435
Derivative financial instruments		-	2,128
Deferred tax liabilities		42,641	42,641
Total non-current liabilities		1,509,064	1,474,176
Current liabilities			
Bank borrowings	14	307,977	320,496
Lease liabilities		33,026	33,326
Deferred government grant	15	10,953	11,878
Trade and other payables	16	1,290,422	1,606,889
Contingent consideration	25	22,607	-
Total current liabilities		1,664,985	1,972,589
Total liabilities		3,174,049	3,446,765
Total equity and liabilities		6,142,371	6,640,312

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 issuance on 6 August 2024 and signed on its behalf:



Khalifa Sultan Al Suwaidi
Chairman



Alan Smith
Group Chief Executive Officer



Sherif Elfaham
Group Chief Financial Officer

SAR NJ

AGTHIA GROUP PJSC

Interim condensed consolidated statement of profit or loss for the six-month period ended 30 June 2024 (unaudited)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2024 AED'000 (unaudited)	2023 AED'000 (unaudited)	2024 AED'000 (unaudited)	2023 AED'000 (unaudited)
Revenue from contracts with customers		1,076,581	1,018,976	2,525,930	2,201,333
Cost of sales		(747,657)	(732,476)	(1,780,399)	(1,577,356)
Gross profit		328,924	286,500	745,531	623,977
Selling and distribution expenses		(147,940)	(126,177)	(311,330)	(260,014)
General and administrative expenses		(78,891)	(86,877)	(190,243)	(173,363)
Research and development costs		(1,825)	(2,082)	(3,585)	(4,143)
Other income		4,059	6,101	23,146	18,272
Operating profit		104,327	77,465	263,519	204,729
Finance income		3,501	3,764	7,863	13,768
Finance costs		(36,041)	(26,991)	(52,487)	(58,483)
Share of profit from investments in associates and a joint venture		1,347	1,484	1,779	3,078
Profit before income tax and zakat expenses		73,134	55,722	220,674	163,092
Income tax and zakat expenses	24	(10,748)	(8,309)	(30,691)	(18,987)
Profit for the period		62,386	47,413	189,983	144,105
Attributable to:					
Equity holders of the parent		55,590	38,365	171,455	125,198
Non-controlling interests		6,796	9,048	18,528	18,907
		62,386	47,413	189,983	144,105
Basic and diluted earnings per share (AED)	18	0.068	0.048	0.213	0.158

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

AGTHIA GROUP PJSC

Interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2024 (unaudited)

	Three-month period ended 30 June		Six-month period ended 30 June	
	2024 AED'000 (unaudited)	2023 AED'000 (unaudited)	2024 AED'000 (unaudited)	2023 AED'000 (unaudited)
Profit for the period	62,386	47,413	189,983	144,105
Other comprehensive income:				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Foreign currency translation difference on foreign operations	(2,591)	(5,817)	(94,506)	(44,035)
Cash flow hedge – effective portion of changes in fair value	-	11,434	-	10,461
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Re-measurement of employees' end of service benefits	1,680	656	3,764	-
Other comprehensive (loss)/ income	(911)	6,273	(90,742)	(33,574)
Total comprehensive income for the period	61,475	53,686	99,241	110,531
Attributable to:				
Equity holders of the parent	54,249	44,997	101,558	101,244
Non-controlling interests	7,226	8,689	(2,317)	9,287
	61,475	53,686	99,241	110,531

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

AGTHIA GROUP PJSC

Interim condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024 (unaudited)

	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hedge reserve AED'000	Retained earnings AED'000	Attributable to equity holders of the parent AED'000	Non- controlling interests AED'000	Total AED'000
Balance as at 1 January 2023 (audited)	791,577	652,097	251,942	(150,531)	222	1,267,967	2,813,274	272,619	3,085,893
Profit for the period	-	-	-	-	-	125,198	125,198	18,907	144,105
<i>Other comprehensive (loss)/income for the period:</i>									
Foreign currency translation difference on foreign operations	-	-	-	(34,415)	-	-	(34,415)	(9,620)	(44,035)
Cash flow hedge – effective portion of changes in fair value	-	-	-	-	10,461	-	10,461	-	10,461
<i>Total comprehensive (loss)/income for the period</i>	-	-	-	(34,415)	10,461	125,198	101,244	9,287	110,531
Dividends (note 23)	-	-	-	-	-	(65,305)	(65,305)	-	(65,305)
Dividend for Non-controlling interests	-	-	-	-	-	-	-	(2,204)	(2,204)
Balance as at 30 June 2023 (unaudited)	791,577	652,097	251,942	(184,946)	10,683	1,327,860	2,849,213	279,702	3,128,915
Balance as at 1 January 2024 (audited)	791,577	652,097	278,043	(186,549)	-	1,374,609	2,909,777	283,770	3,193,547
Profit for the period	-	-	-	-	-	171,455	171,455	18,528	189,983
<i>Other comprehensive (loss)/income for the period:</i>									
Foreign currency translation difference on foreign operations	-	-	-	(73,605)	-	-	(73,605)	(20,901)	(94,506)
Remeasurement of employees' end of service benefits	-	-	-	-	-	3,708	3,708	56	3,764
<i>Total comprehensive (loss)/income for the period</i>	-	-	-	(73,605)	-	175,163	101,558	(2,317)	99,241
Dividends (note 23)	-	-	-	-	-	(81,137)	(81,137)	-	(81,137)
Bonus shares issued (note 23)	39,579	(39,579)	-	-	-	-	-	-	-
Acquisition of non-controlling interests (note 25)	-	-	-	-	-	(123,087)	(123,087)	(120,242)	(243,329)
Balance as at 30 June 2024 (unaudited)	831,156	612,518	278,043	(260,154)	-	1,345,548	2,807,111	161,211	2,968,322

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

AGTHIA GROUP PJSC

Interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2024 (unaudited)

	Notes	Six-month period ended	
		30 June	
		2024	2023
		AED'000	AED'000
		(unaudited)	(unaudited)
Cash flows from operating activities			
Profit for the period		189,983	144,105
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	83,280	85,184
Amortisation of intangible assets	10	6,532	6,552
Depreciation of right-of-use assets		22,392	22,602
Finance income		(7,863)	(13,768)
Finance costs		53,894	58,841
Provision for employees' end of service benefits		8,496	5,203
Movement in allowance for impairment losses of trade receivables, net	12	6,391	4,092
Gain on sale of property, plant and equipment	7	(674)	(1,701)
Income tax and zakat expenses		30,691	18,987
Interest on lease liabilities		3,571	3,555
Movement in provision for slow, non-moving and obsolete inventory, net	11	8,447	873
Share of profit from investment in a joint venture and associates		(1,779)	(3,078)
Net gain on derivative instruments		(2,128)	-
Net cash from operating activities before movement in working capital		401,233	331,447
<i>Change in:</i>			
Inventories		207,086	148,912
Trade and other receivables		(7,731)	3,179
Due from related parties		403	(6,414)
Deferred government grant		(5,476)	(5,730)
Trade and other payables		(316,467)	(92,561)
Other provisions		(8,257)	8,289
Cash generated from operating activities		270,791	387,122
Payment of employees' end of service benefits		(5,970)	(7,608)
Income tax and zakat paid		(24,614)	(35,550)
Net cash generated from operating activities		240,207	343,964
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(82,295)	(56,816)
Investment in fixed deposits, net		247,970	424,185
Investment in an associate	8	-	(3,000)
Payment of contingent consideration		-	(11,768)
Interest received		10,349	20,306
Dividends received from an associate		606	1,817
Proceeds from sale of property, plant and equipment		1,529	3,506
Net cash generated from investing activities		178,159	378,230
Cash flows from financing activities			
Dividend paid to shareholders	23	(81,137)	(65,305)
Dividend paid to non-controlling interests		-	(2,204)
Bank borrowings, net		(15,263)	(581,298)
Interest paid		(54,200)	(57,105)
Repayment of principal amount of lease liabilities		(37,594)	(31,676)
Acquisition of non-controlling interests	25	(220,722)	-
Net cash used in financing activities		(408,916)	(737,588)
Net increase/ (decrease) in cash and cash equivalents		9,450	(15,394)
Effect of foreign exchange		(35,486)	(8,801)
Cash and cash equivalents as at 1 January		277,708	221,121
Cash and cash equivalents as at 30 June	13	251,672	196,926

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

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024(unaudited)

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, SENAAAT became wholly owned by Abu Dhabi Development Holding Company “Public Joint Stock Company” (ADQ) which is wholly owned by the Government of Abu Dhabi.

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	Legal ownership interest %		Beneficial ownership interest (%)		Principal activities
		30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023	
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.
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	100	75.02	100	75.02	Manufacturing and trading in processed protein food products
Mediterranean Confectionery Company Limited (BMB) *	KSA	100	100	100	80	Trading of foodstuff and bakery products.
Baklawa Made Better Investments LLC (BMB) *	UAE	100	100	100	80	Manufacturing and trading of sweets and snacking items.
A.U.F. Egypt for Manufacturing and Distribution of Nuts S.A.E. (Abu Auf) *	Egypt	70	60	70	60	Manufacturing and trading of healthy snacks, nuts and coffee.

* Refer note 25 to these interim condensed consolidated financial statements for additional legal ownership and economic interests acquired during the period.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s audited annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective

The following amendments apply for the first time in 2024, but have not had any material impact on the amounts reported on the interim condensed consolidated financial statements of the Group for the current and prior periods but may affect the accounting for future transactions or arrangements:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	1 January 2024
In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.	
<i>Classification of Liabilities as Current or Non-current (Amendments to IAS 1)</i>	1 January 2024
In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:	
<ul style="list-style-type: none">• What is meant by a right to defer settlement• That a right to defer must exist at the end of the reporting period• That classification is unaffected by the likelihood that an entity will exercise its deferral right• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification	

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months.

<i>Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)</i>	1 January 2024
---	----------------

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments.

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 statement of the Group.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

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. The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

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

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

These interim condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2023. In addition, results for the six-month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies used in the preparation of the 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 2023, 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 audited annual consolidated financial statements for the year ended 31 December 2023.

6 RIGHT-OF-USE ASSETS

During the six-month period ended 30 June 2024, right-of-use assets additions amounted to AED 32,372 thousand (30 June 2023: AED 30,713 thousand).

During the six-month period ended 30 June 2023, right-of-use assets with a net carrying amount of AED 108 thousand were terminated (30 June 2023: AED 1,143 thousand).

Depreciation charge on right-of-use assets during the six-month period ended 30 June 2024 amounted to AED 22,392 thousand (30 June 2023: AED 22,602 thousand).

Foreign currency exchange translation reserve on right-of-use assets during the six-month period ended 30 June 2024 amounted to AED (11,908) thousand (30 June 2023: AED (5,742) thousand).

7 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2024, property, plant and equipment additions amounted to AED 82,295 thousand (30 June 2023 AED 56,816 thousand).

Assets with a net carrying amount of AED 855 thousand were disposed during the six-month period ended 30 June 2023 (30 June 2023: AED 1,805 thousand), resulting in a gain of AED 674 thousand (30 June 2023: gain of AED 1,701 thousand) which is included in other income.

Depreciation charge on property, plant and equipment during the six-month period ended 30 June 2024 amounted to AED 83,280 thousand (30 June 2023: AED 85,184 thousand).

Foreign currency exchange translation reserve on property, plant and equipment during the six-month period ended 30 June 2024 amounted to AED (47,090) thousand (30 June 2023: AED (27,965) thousand).

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

8 INVESTMENT IN ASSOCIATES AND A JOINT VENTURE

Investment in associates as at 30 June 2024 and 31 December 2023 are as follows:

- 31% ownership interest in Kottouf & Hala Trading Co., a limited liability Company registered in the Kingdom of Saudi Arabia. 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.
- 25% ownership interest in Agthia Ventures Restricted Limited, a Restricted Scope Company registered in Abu Dhabi Global Market (ADGM), the associate is an investment fund for business start-ups with the aim of expanding the Group's innovation capacity and opening new markets. The associate is accounted for using the equity method in these interim condensed consolidated financial statements.

Investment in a joint venture as at 30 June 2024 and 31 December 2023 is as follows:

Investment in a joint venture represents 50% ownership interest in Timarat Limited, a private company limited by shares registered in Abu Dhabi Global Market (ADGM), the joint venture objectives are to provide consultancy, project management and studies related to agriculture sector. The joint venture is accounted for using the equity method in these interim condensed consolidated financial statements.

9 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE LIVES

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the audited annual consolidated financial statements for the year ended 31 December 2023. 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 2024, there were no impairment indicators for the goodwill across all cash generating units.

10 INTANGIBLE ASSETS

The amortisation charge on intangible assets during the six-month period ended 30 June 2024 amounted to AED 6,532 thousand (30 June 2023: AED 6,552 thousand).

11 INVENTORIES

During the six-month period ended 30 June 2024, the Group recorded a net provision for slow, non-moving and obsolete inventory of AED 8,447 thousand (30 June 2023: AED 873 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 100 thousand (30 June 2023: AED 1,651 thousand).

12 TRADE AND OTHER RECEIVABLES

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Trade receivables	831,993	870,916
Allowance for impairment losses	(141,515)	(136,199)
	<hr/>	<hr/>
Advances	690,478	734,717
Prepayments	206,574	221,639
Other receivables	46,613	32,937
	<hr/>	<hr/>
	127,476	82,120
	<hr/>	<hr/>
	1,071,141	1,071,413
	<hr/> <hr/>	<hr/> <hr/>

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

12 TRADE AND OTHER RECEIVABLES (continued)

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

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Balance at beginning of the period/year	136,199	125,342
Charge for the period/year, net	6,391	12,245
Written off for the period/year	(1,075)	(1,388)
	<hr/>	<hr/>
Balance at end of the period/year	141,515	136,199
	<hr/> <hr/>	<hr/> <hr/>

13 CASH AND BANK BALANCES

	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Cash on hand	13,309	12,105	3,005
Current and savings accounts	316,552	263,648	305,876
	<hr/>	<hr/>	<hr/>
Cash and bank balances	329,861	275,753	308,881
	<hr/>	<hr/>	<hr/>
Bank overdrafts (note 14)	(78,189)	(78,827)	(31,173)
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents in the interim condensed consolidated statement of cash flows	251,672	196,926	277,708
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Cash and bank balances	329,861	275,753	308,881
Fixed deposits	73,107	321,023	321,077
	<hr/>	<hr/>	<hr/>
Cash and bank balances in the interim condensed consolidated statement of financial position	402,968	596,776	629,958
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Fixed deposits are for a period not more than one year and not less than six months (2022: not more than one year and not less than six months). Interest is earned on these deposits at prevailing market rates, the carrying amounts of these assets approximate to their fair value.

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.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2023 (continued) (unaudited)

14 BANK BORROWINGS

A summary of the Group's bank borrowings types and geographic concentration as at 30 June 2024 and 31 December 2023 is as follows:

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Current liabilities:		
Credit facilities	211,685	275,110
Bank overdrafts	78,189	31,173
Term loans	18,103	14,213
	<u>307,977</u>	<u>320,496</u>
Non-current liabilities		
Term loans	<u>1,273,875</u>	<u>1,229,603</u>
Current liabilities:		
Within UAE	233,071	235,863
Outside UAE	74,906	84,633
	<u>307,977</u>	<u>320,496</u>
Non-current liabilities		
Within UAE	1,170,265	1,170,265
Outside UAE	103,610	59,338
	<u>1,273,875</u>	<u>1,229,603</u>

15 DEFERRED GOVERNMENT GRANT

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

16 TRADE AND OTHER PAYABLES

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Trade payables	617,515	889,811
Accrued expenses	497,986	443,028
Advances and deposits	25,120	172,678
Income tax	10,844	-
Other payables	138,957	101,372
	<u>1,290,422</u>	<u>1,606,889</u>

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

17 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

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

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

a) *Key management personnel compensation*

Key management personnel compensation for the period was as follows:

	Three-month period ended		Six-month period ended	
	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
Short term employment benefits	7,849	6,242	14,827	12,528
Long term employment benefits	1,637	1,552	3,582	2,777
	<u>9,486</u>	<u>7,794</u>	<u>18,409</u>	<u>15,305</u>

b) *Amounts due from related parties*

	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
Kottouf & Hala Trading Co. – associate company	10,727	14,473
Timarat Limited – associate company	3,297	-
Dubai Cable Company (Private) Limited - affiliated company	57	35
Emirates Iron & Steel Company LLC – affiliated company	435	411
Abu Dhabi Development Holding Company (ADQ) – ultimate parent company	223	223
	<u>14,739</u>	<u>15,142</u>

c) *Transactions with related parties*

	Three-month period ended		Six-month period ended	
	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
Sales	14,312	26,371	35,036	55,587
Expenses recharged/ (reclaimed)	177	(143)	177	294
Dividends received from associates	606	-	606	1,817
	<u>15,095</u>	<u>26,228</u>	<u>35,819</u>	<u>57,698</u>

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

18 BASIC AND DILUTED EARNINGS PER SHARE

	Three-month period ended		Six-month period ended	
	30 June 2024 (unaudited)	30 June 2023 (unaudited)	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Profit for the period attributable to the equity holders of the parent (AED'000)	55,590	38,365	171,455	125,198
Weighted average number of ordinary shares in issue throughout the period ('000)	821,372	791,577	806,309	791,577
Basic and diluted earnings per share (AED)	0.068	0.048	0.213	0.158

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. The Group does not have dilutive instruments that would have an impact on diluted earnings per share.

19 SEGMENTAL ANALYSIS

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

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

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, nuts, coffee 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.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

19 SEGMENTAL ANALYSIS (continued)

	Agri Business Division ("ABD")		Consumer Business Division ("CBD")								Total	
			Water and Food		Protein and FV		Snacks		Total CBD			
	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
Revenues Intra-group	767,885 (20,016)	624,393 (27,792)	562,048 (36,771)	532,747 (27,586)	544,702 (10,288)	502,965 (4,577)	731,742 (13,372)	608,030 (6,847)	1,838,492 (60,431)	1,643,742 (39,010)	2,606,377 (80,447)	2,268,135 (66,802)
External revenues	747,869	596,601	525,277	505,161	534,414	498,388	718,370	601,183	1,778,061	1,604,732	2,525,930	2,201,333
Gross profit	160,783	132,648	221,370	199,822	134,957	123,622	237,071	173,151	593,398	496,595	754,181	629,243
Reportable segment profit	90,487	86,684	28,508	32,426	35,541	38,637	81,498	80,279	145,547	151,342	236,034	238,026
<i>Material non-cash item</i>												
Impairment loss on trade receivables, net	2,751	1,500	1,876	2,592	565	-	1,199	-	3,640	2,592	6,391	4,092

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

19 SEGMENTAL ANALYSIS (continued)

	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)	30 June 2024 AED'000 (unaudited)	31 December 2023 AED'000 (audited)
<i>Others:</i>						
Segment assets	508,909	624,172	2,962,060	3,061,168	3,470,969	3,685,340
Segment liabilities	394,162	519,967	1,190,297	1,362,709	1,584,459	1,882,676
	Agri Business Division (ABD)		Consumer Business Division (CBD)		Total Segments	
	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)	30 June 2024 AED'000 (unaudited)	30 June 2023 AED'000 (unaudited)
Capital expenditure	5,992	1,669	67,636	54,686	73,628	56,355

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

19 SEGMENTAL ANALYSIS (continued)

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

	Six-month period ended	
	30 June 2024 (unaudited) AED'000	30 June 2023 (unaudited) AED'000
Total profit for reportable segments	236,034	238,026
<i>Unallocated amounts</i>		
Other operating expenses	(7,029)	(50,888)
Net finance expense	(39,022)	(43,033)
Consolidated profit for the period	189,983	144,105
Non-controlling interests	(18,528)	(18,907)
Consolidated profit for the period attributable to equity holders of the parent	171,455	125,198

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

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Segment Assets		
Agri Business Division	508,909	624,172
Consumer Business Division	2,962,060	3,061,168
Total assets for reportable segments	3,470,969	3,685,340
Other unallocated amounts	2,671,402	2,954,972
Total assets	6,142,371	6,640,312
Segment liabilities		
Agri Business Division	394,162	519,967
Consumer Business Division	1,190,297	1,362,709
Total liabilities for reportable segments	1,584,459	1,882,676
Other unallocated amounts	1,589,590	1,564,089
Total liabilities	3,174,049	3,446,765

20 SEASONALITY OF RESULTS

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

Other than the above, for the six-month period ended 30 June 2024, no significant income of a seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the six-month periods ended 30 June 2024 and 30 June 2023.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

21 CONTINGENT LIABILITIES AND COMMITMENTS

	30 June 2024 (unaudited) AED'000	31 December 2023 (audited) AED'000
Bank guarantees	75,066	30,276
Letters of credit	42,995	37,359
Capital commitments	33,444	64,951

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

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

23 DIVIDENDS

At the Annual General Meeting held on 23 April 2024 the shareholders' approved interim cash dividends of AED 81,137 thousand for the year ended 31 December 2023 which represents 10.25% of the issued share capital at the time of declaration and stock dividends of AED 39,579 thousand for the year ended 31 December 2023 which represents 5% of the issued share capital at the time of declaration (30 June 2023: at the Annual General Meeting held on 17 April 2023, the shareholders' approved interim cash dividends of AED 65,305 thousand for the year ended 31 December 2022 which represents 8.25% of the issued share capital at the time of declaration).

24 INCOME TAX AND ZAKAT EXPENSES

UAE Corporate Tax Law

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime has become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 (widely accepted to be effective from 16 January 2023) specified the threshold of taxable income to which the 0% UAE CT rate would apply, and above which the 9% UAE CT rate would apply. It is widely considered that this would constitute 'substantive enactment' of the UAE CT Law for the purposes of IAS 12, the objective of which is to prescribe the basis for accounting for Income Taxes.

Current taxes should be measured at the amount expected to be paid to or recovered from the tax authorities by reference to tax rates and laws that have been enacted or substantively enacted, by the end of the any reporting period. Since no taxes were expected to be paid to or recovered from the tax authorities for the periods ended prior to 31 December 2023, no current tax was accounted for in the financial periods ended before 31 December 2023. Since the Group is expected to pay tax in accordance with the provision of the UAE CT Law on its operational results with effect from 1 January 2024, current taxes have been accounted for in the financial statements for the period beginning from 1 January 2024.

Deferred taxes should be measured by reference to the tax rates and laws, as enacted, or substantively enacted, by the end of the reporting period, that are expected to apply in the periods in which the assets and liabilities to which the deferred tax relates are realized or settled. As the UAE CT Law was 'substantively enacted' as at 31 December 2023 for the purposes of IAS 12, the Group considered the application of IAS 12 and any requirements for the measurement and recognition of deferred taxes (if any) for the financial periods ended post 1 June 2023. Based on an assessment conducted by the Group's management, there are temporary differences which were identified where the deferred taxes have been accounted for.

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements for the six-month period ended 30 June 2024 (continued) (unaudited)

24 INCOME TAX AND ZAKAT EXPENSES (continued)

Top-up Tax:

On 2 October 2023, the United Arab Emirates (UAE) Ministry of finance (“MOF”) issued Federal Decree Law No 60 of 2023 amending certain provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”), to implement a new Top-up Tax on Multinational Enterprises (“MNE”) in the UAE.

Generally, Multinational Enterprises will be subject to a Top-up Tax at an effective rate of 15%. All cases, provisions, conditions, rules, controls, and procedures for imposing the Top-up Tax and the exemptions therefrom are yet to be determined by a Cabinet Decision.

Ministry of finance (“MOF”) launched a public consultation on the 14th of March 2024 in relation to the Global Anti-Base Erosion Model (“GloBe rules”) aiming at assessing interactions with the UAE’s corporate tax system, ways to minimize compliance costs, while exploring the policy options for potential implementation of the Income Inclusion Rule (“IIR”), Undertaxed Profits Rule (“UTPR”) and a Domestic Minimum Top-up Tax (“DMTT”).

The Group has also a limited exposure to GloBe regulations in several foreign jurisdictions (i.e Netherlands and Spain). As of today, and even though the regulation is considered to be substantively enacted in those jurisdictions, several aspects of the rules and exemptions applicable under those regimes are still to be determined.

The Group is monitoring any upcoming regulation in relation to the GloBe rules in the different jurisdictions where it is present and is currently assessing the impact of these laws and regulations and will apply the requirements as further guidance is provided by the relevant tax authorities.

25 ACQUISITION OF NON-CONTROLLING INTERESTS

Abu Auf Holding Netherlands B.V.

On 29 February 2024, the Group acquired an additional 10% ownership interest in Abu Auf Holding Netherlands B.V., increasing its ownership interest from 60% to 70%. Cash consideration of AED 82,117 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Abu Auf Netherlands B.V. (excluding goodwill on the original acquisition) was AED 18,479 thousand.

Following is a schedule of additional interest acquired in Abu Auf Netherlands B.V.:

	29 February 2024 (unaudited) AED’000
Cash consideration paid to non-controlling shareholders	82,117
Carrying value of the additional interest in Abu Auf Netherlands B.V.	(18,479)
	<hr/>
Difference recognised in retained earnings	63,638
	<hr/> <hr/>

AGTHIA GROUP PJSC

Notes to the interim condensed consolidated financial statements
for the six-month period ended 30 June 2024 (continued) (unaudited)

25 ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

Baklawa Made Better Investments LLC “BMB”

On 4 April 2024, the Group has increased its economic interest in BMB from 80% to 100% in return of AED 47,101 thousand to be paid on 2 tranches to the non-controlling interests. Cash consideration of AED 24,494 thousand representing tranche 1 was paid to the non-controlling shareholders. Second tranche payment amounting to AED 22,607 thousand to be paid upon satisfactory delivering certain procedural documentation. The Group will assess the fair value of the contingent consideration at the year-end.

The carrying value of the net assets of BMB (excluding goodwill on the original acquisition) was AED 52,939 thousand.

Following is a schedule of additional interest acquired in BMB:

	4 April 2024 (unaudited) AED’000
Cash consideration paid to non-controlling shareholders (Tranche 1)	24,494
Contingent considerations (Tranche 2)	22,607
	<hr/>
Total considerations	47,101
Carrying value of the additional interest in BMB	(52,939)
	<hr/>
Difference recognised in retained earnings	(5,838)
	<hr/> <hr/>

Ismailia Agricultural and Industrial Investment “Atyab”

On 30 May 2024, the Group acquired an additional 24.98% ownership interest in Atyab, increasing its ownership interest from 75.02% to 100%. Cash consideration of AED 114,111 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Atyab (excluding goodwill on the original acquisition) was AED 48,824 thousand.

Following is a schedule of additional interest acquired in Atyab:

	30 May 2024 (unaudited) AED’000
Cash consideration paid to non-controlling shareholders	114,111
Carrying value of the additional interest in Atyab	(48,824)
	<hr/>
Difference recognised in retained earnings	65,287
	<hr/> <hr/>