

## **Agthia Group PJSC**

Condensed consolidated interim financial information

Period ended 30 September 2009

**Principal business address:**

P O Box 37725  
Abu Dhabi  
UAE

## Agthia Group PJSC

Condensed consolidated interim financial information

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## **Independent auditors' report on the review of condensed consolidated interim financial information**

The Shareholders  
Agthia Group PJSC

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Agthia Group PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2009 and the condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the nine month period then ended (the "condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 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 condensed consolidated interim financial information as at 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

Munther Dajani  
Registration No: 268

26 October 2009

## Agthia Group PJSC

### Condensed consolidated interim statement of comprehensive income *(Unaudited)*

for the nine months ended 30 September

	Nine months ended 30 Sept 2009 AED'000	Nine months ended 30 Sept 2008 AED'000	Three months ended 30 Sept 2009 AED'000	Three months ended 30 Sept 2008 AED'000
Revenue	694,799	599,248	238,541	214,725
Cost of sales	(488,884)	(474,405)	(179,009)	(169,405)
<b>Gross profit</b>	<b>205,915</b>	<b>124,843</b>	<b>59,532</b>	<b>45,320</b>
Other income	3,636	5,505	271	2,293
Selling and distribution expenses	(58,576)	(38,592)	(21,860)	(15,830)
General and administrative expenses	(50,696)	(34,452)	(15,822)	(11,919)
<b>Results from operation activities</b>	<b>100,279</b>	<b>57,304</b>	<b>22,121</b>	<b>19,864</b>
Pre-operating expenses	(1,092)	-	(1,092)	-
Finance income	828	600	598	104
Finance expense	(4,331)	(3,697)	(1,826)	(3,697)
<b>Profit before income tax</b>	<b>95,684</b>	<b>54,207</b>	<b>19,801</b>	<b>16,271</b>
Income tax expense	(720)	-	(720)	-
<b>Profit for the period</b>	<b>94,964</b>	<b>54,207</b>	<b>19,081</b>	<b>16,271</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>94,964</b>	<b>54,207</b>	<b>19,081</b>	<b>16,271</b>
<b>Profit and comprehensive income attributable to :</b>				
Shareholders of the Company	94,964	54,207	19,081	16,271
Minority interest	-	-	-	-
	<b>94,964</b>	<b>54,207</b>	<b>19,081</b>	<b>16,271</b>
<b>Basic and diluted earnings per share (AED)</b>	<b>0.16</b>	<b>0.09</b>	<b>0.03</b>	<b>0.03</b>

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

The independent auditors' report on the review of condensed consolidated interim financial information is set out on page 1.

# Agthia Group PJSC

## Condensed consolidated interim statement of financial position

as at 30 September

		30 September 2009 (Unaudited) AED'000	31 December 2008 (Audited) AED'000
<b>Non-current assets</b>			
Goodwill	6	92,986	92,986
Property, plant and equipment	7	441,187	408,400
<b>Total non-current assets</b>		<b>534,173</b>	<b>501,386</b>
<b>Current assets</b>			
Inventories	8	181,487	163,606
Trade and other receivables		142,089	137,281
Government grant receivable		127,785	217,895
Cash and bank balances		121,535	40,142
<b>Total current assets</b>		<b>572,896</b>	<b>558,924</b>
<b>Current liabilities</b>			
Bank overdraft		835	13,087
Bank loans	9	73,127	108,402
Current portion of long term loan	9	3,345	-
Trade and other payables		113,324	129,288
<b>Total current liabilities</b>		<b>190,631</b>	<b>250,777</b>
<b>Net current assets</b>		<b>382,265</b>	<b>308,147</b>
<b>Non current liabilities</b>			
Long term liabilities		14,352	14,203
Bank loan	9	11,715	-
<b>Net assets</b>		<b>890,371</b>	<b>795,330</b>
<b>Equity</b>			
Share capital		600,000	600,000
Legal reserve		19,558	19,558
Retained earnings		270,983	176,019
Translation reserve		(170)	(247)
<b>Total equity</b>		<b>890,371</b>	<b>795,330</b>

The condensed consolidated interim financial information were approved and authorised by the Board of Directors on 26 October 2009.

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

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## Agthia Group PJSC

### Condensed consolidated interim statement of changes in equity (Unaudited) for the nine months ended 30 September

	Share capital AED'000	Legal reserve AED'000	Retained earnings AED'000	Translation reserve AED'000	Total AED'000
Balance at 1 January 2008	600,000	12,338	111,038	-	723,376
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	54,207	-	54,207
<b>Balance at 30 Sept 2008</b>	<b>600,000</b>	<b>12,338</b>	<b>165,245</b>	<b>-</b>	<b>777,583</b>
Balance at 1 January 2009	600,000	19,558	176,019	(247)	795,330
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	94,964	-	94,964
Currency translation difference	-	-	-	77	77
<b>Balance at 30 Sept 2009</b>	<b>600,000</b>	<b>19,558</b>	<b>270,983</b>	<b>(170)</b>	<b>890,371</b>

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## Agthia Group PJSC

### Condensed consolidated interim statement of cash flows (Unaudited)

for the nine months ended 30 September

	30 September 2009 AED'000	30 September 2008 AED'000
<b>Cash flows from operating activities</b>		
Profit for the period	94,964	54,207
<i>Adjustments for:</i>		
Depreciation	23,565	17,991
Gain on disposal of property plant and equipment	(79)	(90)
Finance income	(828)	(600)
Finance expense	4,331	3,697
Provision for inventories and doubtful receivables	10,722	-
	<u>132,675</u>	<u>75,205</u>
Change in inventories	(25,788)	(54,012)
Change in trade and other receivables	(7,623)	(9,259)
Change in due from related parties	-	(4,177)
Change in government grant receivable	90,110	(213,331)
Change in due to related parties	-	(2,666)
Change in trade and other payables	(15,964)	21,310
Change in long term liabilities	149	-
	<u>173,559</u>	<u>(186,930)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(56,368)	(29,162)
Proceeds from disposal of property, plant and equipment	95	90
Purchase of goodwill	-	(10,805)
	<u>(56,273)</u>	<u>(39,877)</u>
<b>Cash flows from financing activities</b>		
(Repayment) / proceeds from bank loan - net	(20,215)	148,403
Finance income	828	600
Finance expense	(4,331)	(3,697)
	<u>(23,718)</u>	<u>145,306</u>
<b>Net cash flows (used in) / from financing activities</b>		
	<u>(23,718)</u>	<u>145,306</u>
<b>Increase / (decrease) in cash and cash equivalents</b>	<u>93,568</u>	<u>(81,501)</u>
<b>Cash and cash equivalents as at 1 January</b>	<u>27,055</u>	<u>92,236</u>
Effect of exchange rate changes	77	-
	<u>120,700</u>	<u>10,735</u>
<b>Cash and cash equivalents as at 30 September</b>	<u>120,700</u>	<u>10,735</u>

The notes on pages 6 to 10 form part of these condensed consolidated interim financial information.

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# Aghia Group PJSC

## Notes to the condensed consolidated interim financial information

### 1 Legal status and principal activities

Aghia Group PJSC (the "Company") was incorporated as a Public Joint Stock Company pursuant to the Ministerial Resolution No. 324 for 2004 of Government of Abu Dhabi, United Arab Emirates (UAE). General Holding Corporation PJSC owns 51% of the Company's shares. The principal activities of the Company are to establish, invest, trade and operate companies and businesses that are involved in the food and beverage sector.

The Board of Directors of the Company, in an Extraordinary General Meeting dated 1 May 2008, approved to change the Company's trade name to "Aghia Group PJSC" from "Emirates Foodstuff and Mineral Water Company PJSC".

The condensed consolidated interim financial information of the Company as at and for the nine months ended 30 September 2009 comprise the Company and its below mentioned subsidiaries (together referred to as the "Group").

Subsidiary	Country of Incorporation and operation	Share of equity (%)		Principal activity
		2009	2008	
Grand Mills for Flour and Feed Company PJSC	UAE	100	100	Production and sale of flour and animal feed
Al Ain Mineral Water Company PJSC	UAE	100	100	Production, bottling and sale of bottled water and beverages
Al Ain Vegetable Processing and Canning Factory	UAE	100	100	Processing and sale of tomato paste and frozen vegetables
Al Ain Food and Beverages	Egypt	100	100	Processing and sale of tomato paste

The results and operations of Al Ain Vegetable Processing and Canning Factory and Al Ain Food and Beverages were not included in the condensed consolidated interim financial information of the Group for the nine months ended 30 September 2008.

### 2 Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with International Financial Reporting Standard (IFRSs) *IAS 34 Interim Financial Reporting*. They do not include all of the information required for full annual consolidated financial information, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2008.



# Agthia Group PJSC

## Notes to the condensed consolidated interim financial information

### 3 Significant accounting policies

The accounting policies and methods of computation applied by the Group in these condensed consolidated interim financial information are the same as those applied by the Group in the consolidated financial statements as at and for the year ended 31 December 2008.

However, the Group has adopted IAS 1 'Presentation of financial statements' (Revised 2007) and IFRS 8 'Operating segments' for the first time in preparation of these condensed consolidated interim financial statements. These new and revised IASs, which became applicable for annual periods beginning on or after 1 January 2009, effects the presentation and disclosure of these condensed consolidated interim financial statements and does not effect the Group's reported profit or loss or equity.

#### *IAS 1 – Presentation of financial statements (Revised 2007)*

The revised IAS introduces the term 'total comprehensive income' which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners and items of income and expense that are not recognised in profit or loss as required or permitted by other IFRSs. The Group has applied the revised IAS 1 retrospectively and has presented in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity have been presented in consolidated statement of comprehensive income. Further the revised IAS 1 has also changed the title of 'balance sheet' to 'statement of financial position'.

#### *IFRS 8 – Operating segments*

The Group has now presented the segment information in respect of its internal reporting structures.

These condensed consolidated interim financial information are presented in United Arab Emirates Dirhams ("AED"), which is the functional currency, rounded to the nearest thousand.

#### *Government grants*

Grants that compensate the Group for expenses / losses incurred are recognised in the condensed consolidated interim statement of comprehensive income, as a deduction from the cost of goods sold, on a systematic basis in the same period in which the expenses / losses are recognised.

Cost of goods sold for all products are stated after the deduction of Abu Dhabi Government grant amounting to AED 128 million (*30 September 2008: AED 258 million*), provided by the Government. The purpose of the subsidy was to partially reduce the impact of increased and volatile global grain prices on food retail prices for the consumers in the Abu Dhabi market.

### 4 Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2008.

### 5 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2008.

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information

#### 6 Goodwill

For the purpose of impairment testing goodwill is allocated to two operating divisions within the group where goodwill is monitored for internal management purposes. During the nine months ended 30 September 2009 there was no impairment loss on goodwill (30 September 2008: Nil).

#### 7 Property, plant and equipment

##### *Acquisitions and disposals*

During the nine months ended 30 Sept 2009, the Group acquired assets with a cost of AED 56,368 thousand (30 September 2008: AED 29,162 thousand).

Assets with a carrying amount of AED 16 thousand were disposed of during the nine months ended 30 September 2009 (30 September 2008: AED Nil), resulting in a gain of AED 79 thousand (30 September 2008: AED 90 thousand) which is included in other income.

#### 8 Inventory

During the nine months ended 30 September 2009, the Group recorded a provision for slow, non moving and obsolete inventory of AED 7,907 thousand (30 September 2008: Nil) related to flour and animal feed. The charge is included in cost of sales.

#### 9 Bank Borrowings

The following bank borrowings (non-current and current) were issued and repaid during the nine months ended 30 September 2009:

<i>In thousands of AED</i>	<b>Currency</b>	<b>Interest Rate</b>	<b>Face value</b>	<b>Carrying amount</b>	<b>Year of maturity</b>
Balance at 1 January 2009			108,402	108,402	
<b>New loan acquired</b>					
Short term loan acquired	AED	EIBOR + margin	393,656	393,656	2009
Short term loan acquired	AED	ADIBOR + margin	10,000	10,000	2009
Long term loan acquired	EURO	EURIBOR + margin	16,624	16,624	2014
<b>Repayments</b>					
Repayment of loans			(440,495)	(440,495)	2009
<b>At 30 September 2009</b>			<b>88,187</b>	<b>88,187</b>	

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information

#### 10 Operating segments

##### *Information about reportable segment for the nine months ended 30 September*

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Board of Directors reviews internal management reports on at least a quarterly basis.

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

- Flour and Animal Feed, includes production and distribution of flour and animal feed.
- Bottled Water, includes production and distribution of bottled water and beverages.
- Tomato Paste and Frozen Vegetables, includes processing and distribution of tomato paste and frozen vegetables products.

The Group information about reportable segments are as follows:

	Flour and Animal Feed		Bottled Water		Tomato Paste and frozen vegetables		Others		Total	
	30 Sept 09	30 Sept 08	30 Sept 09	30 Sept 08	30 Sept 09	30 Sept 08	30 Sept 09	30 Sept 08	30 Sept 09	30 Sept 08
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	509,037	498,187	148,426	101,061	37,336	-	-	-	694,799	599,248
Cost of sales	(377,665)	(415,113)	(84,009)	(58,349)	(25,518)	-	(1,692)	(943)	(488,884)	(474,405)
<b>Gross profit</b>	<b>131,372</b>	<b>83,074</b>	<b>64,417</b>	<b>42,712</b>	<b>11,818</b>	<b>-</b>	<b>(1,692)</b>	<b>(943)</b>	<b>205,915</b>	<b>124,843</b>
Other income									3,636	5,505
Selling and distribution expenses									(58,576)	(38,592)
General and administrative expenses									(50,696)	(34,452)
<b>Results from operating activities</b>	<b>100,279</b>								<b>205,915</b>	<b>124,843</b>
Pre-operating expenses	(1,092)								(1,092)	-
Finance income	828								828	600
Finance expense	(4,331)								(4,331)	(3,697)
Income tax expense	(720)								(720)	-
<b>Net profit for the period</b>	<b>94,964</b>								<b>94,964</b>	<b>54,207</b>

## Agthia Group PJSC

### Notes to the condensed consolidated interim financial information

#### 11 Transactions with related parties

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 the major shareholder, key management personnel, Directors of the Board and their related companies. In the normal course of business, the Group had various transactions with its related parties. Transactions are entered into with related parties on terms and conditions approved by either the Group's management, or its Board of Directors.

Key management personnel compensation for the period was as follows:

	<b>Nine months ended 30 September 2009 AED'000</b>	Nine months ended 30 September 2008 AED'000
Short term employment benefits	15,790	13,211
Directors' remuneration	1,125	706
Post employment benefits	875	610
	<u>17,790</u>	<u>14,527</u>

#### 12 Capital commitments and contingent liabilities

	<b>30 September 2009 AED'000</b>	31 December 2008 AED'000
Capital commitments	38,704	36,261
Bank guarantees and letters of credit	44,140	41,193

#### 13 Comparative figures

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in these condensed consolidated interim financial information.