

## **Foodco Holding – P.J.S.C.**

Condensed consolidated interim  
financial information

**31 March 2017**

**Principal business address:**

P.O. Box 2378  
Behind Mina Centre  
Meena Road  
Abu Dhabi  
UAE

## **Foodco Holding – P.J.S.C.**

### Condensed consolidated interim financial information

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## Board of Directors' Report For the Quarter ended March 31, 2017

The Board of Directors of Foodco Holding P.J.S.C are pleased to report the Consolidated Financial Statements for the Quarter ended March 31, 2017

The Groups' revenue for the quarter was AED 107.017 million (2016: 85,710 million) while the profit of the parent company was AED 42.460 million (2016: 34.082 million).

The following is the summary of the Financial statements:

	March 2017	March 2016	Amount in AED '000	
			Increase / (Decrease) Amount	%
<b>Profit and Loss summary</b>				
Revenue	107,017	85,710	21,307	24.9%
Gross Profit	58,766	45,353	13,413	29.6%
Profit	42,460	34,082	8,379	24.6%
Earning per share (AED)	0.43	0.34	0.09	27.5%

	March 2017	December 2016	Increase / (Decrease)	
			Amount	%
<b>Statement of financial position summary</b>				
Current Assets	418,565	376,457	42,107	11.2%
Non Current Assets	502,650	501,883	766	0.2%
Current Liabilities	355,887	353,965	1,923	0.5%
Non Current Liabilities	47,678	50,167	(2,488)	-5.0%
Total Shareholders' Equity (Parent)	520,266	476,728	43,538	9.1%
Book Value of Share (AED)	5.20	4.77	0.44	9.1%

We appreciate the efforts of all our stakeholders for their contribution in achieving these results.

On behalf of the Board of Directors



Ahmed bin Ali Khalfan Al Dhaheri  
Chairman

14 MAY 2017





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## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

To the Shareholders  
**Foodco Holding – P.J.S.C.**

### *Introduction*

We have reviewed the accompanying 31 March 2017 condensed consolidated interim financial information of Foodco Holding – P.J.S.C. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprises:

- the condensed consolidated interim statement of financial position as at 31 March 2017;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2017;
- the condensed consolidated interim statement of changes in equity for the three month period ended 31 March 2017;
- the condensed consolidated interim statement of cash flows for the three month period ended 31 March 2017; and
- notes to the condensed consolidated interim financial information.

### *Management responsibility*

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with 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 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 31 March 2017 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited

Richard Ackland  
Registration No. 1015  
Abu Dhabi, United Arab Emirates  
Date: 14 MAY 2017

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# Foodco Holding – P.J.S.C.

## Condensed consolidated interim statement of financial position

As at

	Notes	31 March 2017 (unaudited)	31 December 2016 (audited)
<b>Assets</b>			
Property, plant and equipment		12,451,582	12,000,585
Intangible assets		1,123,285	1,046,435
Investment properties under development	7	45,692,810	45,291,466
Investment properties	8	254,725,868	255,975,868
Financial assets held at fair value through other comprehensive income	9	188,656,043	187,569,094
<b>Non-current assets</b>		<b>502,649,588</b>	<b>501,883,448</b>
Inventories	10	17,671,405	20,143,019
Financial assets held at fair value through profit or loss	9	212,321,671	217,135,489
Trade and other receivables	11	185,085,417	136,914,171
Amounts due from related parties	17	1,121,384	650,257
Cash and bank balances	18	1,860,549	1,110,243
		418,060,426	375,953,179
<b>Assets held for sale</b>		<b>504,094</b>	<b>504,094</b>
<b>Current assets</b>		<b>418,564,520</b>	<b>376,457,273</b>
<b>Total assets</b>		<b>921,214,108</b>	<b>878,340,721</b>
<b>Equity</b>			
Share capital		100,000,000	100,000,000
Legal reserve		50,000,000	50,000,000
Regulatory reserve		50,000,000	50,000,000
Fair value reserve		(42,901,304)	(43,978,705)
Retained earnings		363,167,139	320,706,694
<b>Equity attributable to owners of the Company</b>		<b>520,265,835</b>	<b>476,727,989</b>
Non-controlling interest		(2,617,412)	(2,518,634)
<b>Total equity</b>		<b>517,648,423</b>	<b>474,209,355</b>
<b>Liabilities</b>			
Provision for employees' end of service benefits		4,560,940	4,295,811
Loans and borrowings (non-current portion)	12	43,117,354	45,870,701
<b>Non-current liabilities</b>		<b>47,678,294</b>	<b>50,166,512</b>
Trade and other payables	13	69,487,841	69,450,957
Loans and borrowings (current portion)	12	281,737,237	279,133,243
Amounts due to related parties	17	4,662,313	5,380,654
<b>Current liabilities</b>		<b>355,887,391</b>	<b>353,964,854</b>
<b>Total liabilities</b>		<b>403,565,685</b>	<b>404,131,366</b>
<b>Total equity and liabilities</b>		<b>921,214,108</b>	<b>878,340,721</b>

Ahmed Ali Khalfan Al Dhaheri  
Chairman

Mohammed Ali Khamis Al Hossani  
Director

Mohammed Tariq Sheikh  
Chief Financial Officer

The notes from 1 to 24 form an integral part of this condensed consolidated interim financial information. The independent auditors' report on review of this condensed consolidated interim financial information is set out on page 2.



## Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of profit or loss  
for the three months period ended

	Notes	31 March 2017 AED (unaudited)	31 March 2016 AED (unaudited)
Income comprises:			
- revenue from trading	14	63,661,529	46,321,553
- rentals and decrease in fair value of investment properties	15	7,852,559	8,079,940
- dividends and changes in fair value of financial assets held at FVTPL	16	35,502,647	31,308,704
		<u>107,016,735</u>	<u>85,710,197</u>
Cost of sales		(48,250,319)	(40,357,084)
Selling, general and administrative expenses		(12,146,455)	(8,904,453)
Finance costs		(4,361,468)	(3,465,787)
Other income		93,626	258,787
<b>Profit for the period</b>		<u>42,352,119</u>	<u>33,241,660</u>
<b>Profit / (loss) attributable to:</b>			
Equity owners of the parent		42,460,445	34,081,863
Non-controlling interest		(108,326)	(840,203)
		<u>42,352,119</u>	<u>33,241,660</u>
<b>Basic and diluted earnings per share</b>		<u>0.43</u>	<u>0.34</u>

The notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of this condensed consolidated interim financial information is set out on page 2.

## Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of other comprehensive income  
for the three months period ended

	<b>31 March 2017 AED (unaudited)</b>	31 March 2016 AED (unaudited)
<b>Profit for the period</b>	<b>42,352,119</b>	33,241,660
<b>Other comprehensive income:</b>		
<i>Items that will not be reclassified to profit or loss</i>		
Net changes in the fair value of financial assets held through other comprehensive income	<b>1,086,949</b>	1,292,099
Other comprehensive income for the period	<u><b>1,086,949</b></u>	<u>1,292,099</u>
<b>Total comprehensive income for the period</b>	<u><b>43,439,068</b></u>	<u>34,533,759</u>
<b>Total comprehensive income / (loss) attributable to:</b>		
Equity owners of the parent	<b>43,537,846</b>	35,412,156
Non-controlling interest	<b>(98,778)</b>	(878,397)
	<u><b>43,439,068</b></u>	<u>34,533,759</u>

The notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of this condensed consolidated interim financial information is set out on page 2.

## Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of changes in equity  
for the three months period ended

	Share Capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity attributable to equity owners of the Company AED	Non- controlling interest AED	Total equity AED
At 1 January 2016 (audited)	100,000,000	50,000,000	50,000,000	(28,865,245)	284,279,686	455,414,441	1,895,923	457,310,364
Profit / (loss) for the period	-	-	-	-	34,081,863	34,081,863	(840,203)	33,241,660
Other comprehensive income / (loss)	-	-	-	1,330,293	-	1,330,293	(38,194)	1,292,099
Total comprehensive income / (loss) for the period	-	-	-	1,330,293	34,081,863	35,412,156	(878,397)	34,533,759
Dividends	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
<b>At 31 March 2016 (unaudited)</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>(27,534,952)</b>	<b>303,361,549</b>	<b>475,826,597</b>	<b>1,017,526</b>	<b>476,844,123</b>
At 1 January 2017 (audited)	100,000,000	50,000,000	50,000,000	(43,978,705)	320,706,694	476,727,989	(2,518,634)	474,209,355
Profit / (loss) for the period	-	-	-	-	42,460,445	42,460,445	(108,326)	42,352,119
Other comprehensive income	-	-	-	1,077,401	-	1,077,401	9,548	1,086,949
Total comprehensive income / (loss) for the period-	-	-	-	1,077,401	42,460,445	43,537,846	(98,778)	43,439,068
<b>At 31 March 2017 (unaudited)</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>(42,901,304)</b>	<b>363,167,139</b>	<b>520,265,835</b>	<b>(2,617,412)</b>	<b>517,648,423</b>

The notes from 1 to 24 form an integral part of this condensed consolidated interim financial information.



## Foodco Holding – P.J.S.C.

### Condensed consolidated interim statement of cash flows for the three months period ended

	31 March 2017 AED (unaudited)	31 March 2016 AED (unaudited)
<b>Cash flows from operating activities</b>		
Profit for the period	42,352,119	33,241,660
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	428,980	769,288
Amortisation of intangible assets	9,183	9,186
Dividend income	(30,238,277)	(28,279,390)
Finance cost	4,361,468	3,465,786
Provision for employees' end of service benefits	298,381	136,282
Net changes in fair value of financial assets held at FVTPL	4,391,101	(292,714)
Investment properties under development	(401,344)	(75,617)
Dividends received	-	348,564
Impairment loss on trade receivables	3,303,014	120,003
Provision for inventory obsolescence - net	143,756	168,160
Acquisition of financial assets	(32,358,043)	(13,810,299)
Proceeds from sale of financial assets	32,780,760	14,746,810
Gain on sale of property, plant and equipment	(40,124)	-
Provision for impairment on investment property	1,250,000	1,250,000
	<u>26,280,974</u>	<u>11,797,719</u>
<i>Changes in:</i>		
- inventories	2,327,858	3,691,394
- trade and other receivables	(21,235,983)	(8,413,970)
- due from related parties	(471,127)	9,144
- due to related parties	(718,341)	(4,103,280)
- trade and other payables	(91,891)	(6,807,270)
	<u>6,091,490</u>	<u>(3,826,263)</u>
Cash from / (used in) operating activities	6,091,490	(3,826,263)
- employees end of service benefits paid	(33,252)	(43,432)
<b>Net cash generated from / (used in) operating activities</b>	<u>6,058,238</u>	<u>(3,869,695)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,366,931)	(934,235)
Acquisition of intangible	(86,033)	-
Proceeds from disposal of property, plant and equipment	527,078	-
<b>Net cash used in investing activities</b>	<u>(925,886)</u>	<u>(934,235)</u>

## Foodco Holding – P.J.S.C.

Condensed consolidated interim statement of cash flows *(continued)*  
*for the three months period ended*

	31 Mar 2017 AED (unaudited)	31 Mar 2016 AED (unaudited)
<b>Cash flows from financing activities</b>		
Net decrease in long term loans	(4,242,167)	(3,711,124)
Finance costs paid	(4,232,693)	(2,508,472)
<b>Net cash used in financing activities</b>	<u>(8,474,860)</u>	<u>(6,219,596)</u>
<b>Net decrease in cash and cash equivalents</b>	(3,342,508)	(11,023,526)
Cash and cash equivalents at 1 January*	<u>(250,762,792)</u>	<u>(291,150,058)</u>
<b>Cash and cash equivalents at 31 March* (note 18)</b>	<u><u>(254,105,300)</u></u>	<u><u>(302,173,584)</u></u>

\* Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

The notes set out on pages 1 to 24 form an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of this condensed consolidated interim financial information is set out on page 2.

# Foodco Holding – P.J.S.C.

## Notes to the condensed consolidated interim financial information

### 1 Legal status and principal activities

Foodco Holding - P.J.S.C. (the “Company”) is a public shareholding company incorporated in Abu Dhabi, (United Arab Emirates) in accordance with the provisions of the U.A.E. Federal Commercial Companies Law No. 8 of 1984 (as amended). During 2006, the Company changed its name to Foodco Holding - P.J.S.C. formerly known as Abu Dhabi National Foodstuff Company - P.J.S.C. and updated its Articles of Association accordingly.

The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange.

The Company is primarily engaged in the import and distribution of foodstuff and household items in the United Arab Emirates, along with investing, development and management of real estate and commercial enterprises. The objectives of the Company include investment in or establishment of companies in the same line of business and investment in or establishment of factories in the processing or canning of foodstuff as well as engagement in all operations and investments in and outside the United Arab Emirates for the purpose of the good conduct of the business of the Company.

This condensed consolidated interim financial information include the financial position and the financial performance of the following subsidiaries:

<b>Name of subsidiary</b>	<b>Percentage of ownership</b>	<b>Country of incorporation</b>	<b>Principal activity</b>
Oasis National Foodstuff Company LLC	100%	UAE	Packing of foodstuff
Abu Dhabi National Foodstuff Co LLC	100%	UAE	Wholesale and distribution of foodstuff
Sense Gourmet Food Company PSC*	48.44%	UAE	Catering services and restaurant business
5PL Logistics LLC**	100%	UAE	Shipment, clearance and warehousing services

During 2015, Foodco Holding - P.J.S.C. had reacquired Catering operations from Sense Gourmet Food Company P.S.C. This had no impact on the condensed consolidated interim financial information of Foodco Holding - P.J.S.C.

\*Although the Company does not hold more than half of the equity shares of Sense Gourmet Food Company P.J.S.C, the Company has power over it, control the relevant operations of it and has the ability to use its power over the Sense Gourmet to affect the amount of the Company’s returns.

\*\*The Group has established a new Limited Liability Company on 19 May 2015 to diversify its operations by engaging in services related to marine, air and land shipment, custom clearance services and management and operation of stores and warehouses.

### 2 Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with IAS 34, “*Interim Financial Reporting*” and complies where appropriate, with relevant Articles of Association and the requirements of the UAE Federal Law No. 2 of 2015. It does not include all 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 2016. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in Group’s financial position and performance since the last financial statements.

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 3 Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial information is the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

##### *New and amended International Financial Reporting Standards (IFRS) in issue but not yet effective*

<b>New and revised IFRS</b>	<b>Effective date</b>
Disclosure Initiative (Amendments to IAS 7)	1 January 2017
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	1 January 2017
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019
Sale or contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined

Management anticipates that these amendments will be applied in the consolidated financial statements for the initial period when they become effective. Management is assessing the potential impact of the application of these amendments.

#### 4 Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2016.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has an overall responsibility for overseeing all significant fair value measurements and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, the valuation team assesses the evidence obtained from the third parties to support the conclusions that these valuations meet the requirements of IFRS, including the determination of the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 5 Property, plant and equipment

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Depreciation charge for the period / year	<u>428,980</u>	<u>2,600,320</u>
Acquisition during the period / year	<u>1,366,931</u>	<u>7,300,806</u>
Disposals / write-off	<u>(486,954)</u>	<u>(82,491)</u>
Impairment loss on property, plant and equipment	<u>-</u>	<u>2,648,465</u>
Transferred to assets held for sale	<u>-</u>	<u>594,094</u>

#### 6 Intangible assets

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Amortisation charge for the period / year	<u>9,183</u>	<u>36,745</u>
Acquisition during the period / year	<u>86,033</u>	<u>-</u>

There were no disposals during the period.

#### 7 Investment properties under development

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
At 1 January	<u>45,291,466</u>	<u>44,386,666</u>
Cost incurred during the period / year	<u>401,344</u>	<u>904,800</u>
<b>At the end of period / year</b>	<u><b>45,692,810</b></u>	<u><b>45,291,466</b></u>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 7 Investment properties under development (continued)

During 2015, the Group requested an external valuation by Chesterton International LLC, an independent appraiser, who has determined the fair value of the investment properties under development using valuation models that utilise sales comparison method that uses market observable inputs and conforms to RICS Valuation - Professional Standards 2014.

During 2016, the Group has reassessed the fair value of these properties by carrying out an internal valuation and have determined that the fair value is not required to be revised. For details in respect of key assumptions used by the management, refer to the financial statements for the year ended 31 December 2016.

#### 8 Investment properties

	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)
Abu Dhabi land, commercial and residential building, UAE	76,035,000	76,035,000
Leasehold warehouses	108,390,868	108,390,868
Land in Abu Dhabi, UAE	7,000,000	7,000,000
Residential building in Abu Dhabi, UAE	79,550,000	79,550,000
Less: provision for impairment	(16,250,000)	(15,000,000)
	<u>254,725,868</u>	<u>255,975,868</u>

The movements in the investment properties during the period were as follows:

	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)
As at 1 January	255,975,868	290,070,867
Additions	-	905,001
Disposals	-	(31,360,000)
(Loss) / gain on revaluation of investment properties	(1,250,000)	(3,640,000)
<b>As at 31 March 2017 / 31 December 2016</b>	<u>254,725,868</u>	<u>255,975,868</u>

During 2015, the Group requested an external valuation by Chesterton International LLC, an independent appraiser, to perform an assessment of the fair value of the investment properties using valuation models that utilise either sales comparison method or income approach method that uses both market observable and unobservable inputs and conforms to RICS Valuation - Professional Standards 2014.

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 8 Investment properties *(continued)*

During 2016, the Group has reassessed the fair value of these properties by carrying out an internal valuation and have determined that the fair value of investment properties have declined by AED 5,000,000.

Some of the investment properties are registered in the name of the Group's Directors for the beneficial ownership of the Group in order to comply with jurisdictional regulations.

#### 9 Financial assets

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Financial assets held at fair value through other comprehensive income (FVTOCI)	<b>188,656,043</b>	187,569,094
Financial assets held at fair value through profit and loss (FVTPL)	<b>212,321,671</b>	217,135,489
	<b><u>400,977,714</u></b>	<u>404,704,583</u>

The financial assets at fair value through other comprehensive income comprise:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Investment in quoted UAE equity securities	<b>168,121,175</b>	167,205,712
Investment in quoted non - UAE equity securities	<b>7,521,745</b>	8,306,052
Investment in unquoted non - UAE equity securities	<b>10,116,492</b>	9,160,699
Investment in unquoted UAE equity securities	<b>2,896,631</b>	2,896,631
	<b><u>188,656,043</u></b>	<u>187,569,094</u>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 9 Financial assets (continued)

The financial assets held at fair value through profit and loss comprise:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Investment in quoted UAE equity securities	<b>200,650,635</b>	206,917,519
Investment in quoted non - UAE equity securities	<b>5,638,200</b>	4,706,970
Investment in mutual funds*	<b>6,032,836</b>	5,511,000
	<b><u>212,321,671</u></b>	<u>217,135,489</u>

\* Investment in mutual funds have been held by a related party beneficially on behalf of the Group.

The movement in financial assets is as follows:

	<b>At fair value through profit or loss 31 March 2017 AED (unaudited)</b>	<b>At fair value through other comprehensive income 31 March 2017 AED (unaudited)</b>	At fair value through profit or loss 31 December 2016 AED (audited)	At fair value through other comprehensive income 31 December 2016 AED (audited)
At 1 January	<b>217,135,489</b>	<b>187,569,094</b>	130,714,245	262,892,564
Purchase of financial assets	<b>32,358,043</b>	-	167,933,861	-
Disposal of financial assets (Decrease) / increase in fair value	<b>(32,780,760)</b>	-	(88,164,579)	(58,675,705)
	<b><u>(4,391,101)</u></b>	<b><u>1,086,949</u></b>	<u>6,651,962</u>	<u>(16,647,765)</u>
At end of the period / year	<b><u>212,321,671</u></b>	<b><u>188,656,043</u></b>	<u>217,135,489</u>	<u>187,569,094</u>



## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 10 Inventories

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Goods for resale	19,663,707	22,082,813
Goods in transit	2,470,810	2,593,478
	<u>22,134,517</u>	<u>24,676,291</u>
Less: allowance for slow moving inventories	(4,463,112)	(4,533,272)
	<u><u>17,671,405</u></u>	<u><u>20,143,019</u></u>

The movement in the allowance for slow moving inventories was as follows:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
At 1 January	4,533,272	3,936,028
Charge for the period / year	143,756	3,736,154
Reversal during the period / year	(213,916)	(3,138,910)
	<u>4,463,112</u>	<u>4,533,272</u>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 11 Trade and other receivables

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
Trade receivables	<b>161,520,119</b>	140,809,456
Less: allowance for impairment of doubtful receivables	<b>(14,473,796)</b>	(11,170,782)
	<b>147,046,323</b>	129,638,674
Prepayments	<b>3,508,733</b>	4,595,355
Other receivables	<b>36,412,632</b>	4,562,413
Less: impairment loss on other receivables	<b>(1,882,271)</b>	(1,882,271)
	<b>185,085,417</b>	136,914,171

Movement in the allowance for impairment of doubtful debts:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
At beginning of the period / year	<b>11,170,782</b>	8,384,963
Charge during the period / year	<b>3,303,014</b>	2,785,819
At the end of the period / year	<b>14,473,796</b>	11,170,782

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the Board of Directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

Movement in the allowance for doubtful other receivables:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
At 1 January	<b>1,882,271</b>	1,882,271
At end of the period / year	<b>1,882,271</b>	1,882,271

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 12 Loans and borrowings

	Current		Non-current	
	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)
<b>Secured – at amortised cost</b>				
Bank overdrafts	255,965,849	251,873,035	-	-
Term loan # 1 (i)	1,573,000	1,573,000	3,867,432	4,454,113
Term loan # 2 (ii)	4,281,721	5,770,541	-	-
Term loan # 3 (iii)	6,000,000	6,000,000	1,500,000	3,000,000
Term loan # 4 (iv)	2,666,667	2,666,667	3,999,922	4,666,588
Term loan # 5 (v)	11,250,000	11,250,000	33,750,000	33,750,000
	<u>281,737,237</u>	<u>279,133,243</u>	<u>43,117,354</u>	<u>45,870,701</u>

The bank overdrafts are repayable on demand.

#### **Bank loans**

- (i) Term loan # 1 amounting to AED 25,000 thousands was obtained in June 1993 from the Department of Social Services and Commercial Buildings (DSSCB) of the Government of Abu Dhabi, and is secured by a charge over the commercial and residential building. The loan is repayable in annual instalments of AED 1,573 thousands each starting from January 1999 and ending on February 2021 through Abu Dhabi Commercial Properties (ADCP), which now manages the DSSCB's property loans.
- (ii) Term loan # 2 in the amount of AED 32,000 thousands was obtained in November 2011 from a local bank. The loan is repayable in quarterly instalments of AED 1,543 thousands each starting from 15 November 2011 and ending on 15 November 2017. It is secured by a first degree mortgage over the commercial and residential buildings.
- (iii) Term loan # 3 in the amount of AED 30,000 thousands was obtained in August 2013 from a local bank. The loan is repayable in quarterly instalments of AED 1,500 thousands each starting from 26 August 2013 and ending on 30 June 2018. It is secured by a first degree mortgage over the commercial and residential buildings.
- (iv) Term loan # 4 in the amount of AED 8,000 thousands was converted from an existing overdraft to a long term loan in September 2016. The loan is repayable in annual instalments of AED 2,667 thousands.
- (v) Term loan # 5 in the amount of AED 50,000 thousands was obtained in May 2016 from a local bank. The loan is repayable in semi-annual instalments of within a maximum period of 4 years. It is secured by a registered pledge over shares for an amount of AED 100,000 thousand.

The average interest rates during the year were as follows:

	March 2017 and 2016
Bank overdrafts	1 month EIBOR + margin
Term loans	3 month EIBOR + margin
Term loans – DSSCB (through ADCP)	3% fixed rate per annum

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 13 Trade and other payables

	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)
Trade payables	43,879,652	50,778,470
Accruals	11,255,410	10,097,092
Other payables	14,352,779	8,575,395
	<u>69,487,841</u>	<u>69,450,957</u>

#### 14 Revenue from trading

	31 March 2017 AED (unaudited)	31 March 2016 AED (unaudited)
Sale of goods	59,661,529	42,321,553
Management fees	4,000,000	4,000,000
	<u>63,661,529</u>	<u>46,321,553</u>

#### 15 Rentals and changes in fair value of investment properties

	31 March 2017 AED	31 March 2016 AED
Operating rental income	9,102,559	9,329,940
Net change in fair value of investment properties	(1,250,000)	(1,250,000)
	<u>7,852,559</u>	<u>8,079,940</u>

#### 16 Dividend and changes in fair value of financial assets

	31 March 2017 AED	31 March 2016 AED
Dividend income	30,238,277	28,279,390
Gain on sale of financial assets	9,655,471	2,736,600
Net changes in fair value of financial assets held at FVTPL (note 9)	(4,391,101)	292,714
	<u>35,502,647</u>	<u>31,308,704</u>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 17 Related parties

In the ordinary course of business the Group enters into transactions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. The Company has a related party relationship with its executive officers and business entities over which they can exercise significant influence or which can exercise significant influence over the Group.

#### Transactions and balances with related parties

The related party transactions, outstanding balances and related income and expenses were as follows:

	<b>31 March 2017 AED (unaudited)</b>	<b>31 December 2016 AED (audited)</b>
<b>Amounts due from related parties:</b>		
Board of directors	867,464	451,146
Shareholders	253,920	199,111
	<u>1,121,384</u>	<u>650,257</u>
<b>Amounts due to related parties:</b>		
Shareholders	462,313	1,180,654
Board of directors' remuneration	4,200,000	4,200,000
	<u>4,662,313</u>	<u>5,380,654</u>

#### Significant transactions with related parties comprised:

	<b>31 March 2017 AED (unaudited)</b>	<b>31 March 2016 AED (unaudited)</b>
Sales	<u>417,022</u>	<u>32,269</u>
Purchases and other charges	<u>32,745</u>	<u>63,356</u>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 17 Related parties (continued)

##### *Key management personnel compensation*

The remuneration of Directors and other members of key management was as follows:

	<b>31 March 2017 AED (unaudited)</b>	31 March 2016 AED (unaudited)
Management compensation	<u><u>377,315</u></u>	<u><u>743,934</u></u>

#### 18 Cash and cash equivalents

	<b>31 March 2017 AED</b>	31 December 2016 AED
Cash and bank balances	<b>1,860,549</b>	1,110,243
Less: bank overdrafts (note 12)	<b>(255,965,849)</b>	(251,873,035)
	<u><u>(254,105,300)</u></u>	<u><u>(250,762,792)</u></u>

#### 19 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at the end for the year ended 31 December 2016.

#### 20 Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Finance Manager in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- (i) Foodco Holdings P.J.S.C. which is engaged in the import and distribution of foodstuffs and house hold items;
- (ii) SPL Logistics LLC which is engaged in the marine, air and land shipment services along with management and operation of store and warehouses;
- (iii) Sense Gourmet Food Company P.S.C. which is engaged in the provision of catering services and Figaro's Pizza Restaurant Business; and
- (iv) Oasis National Foodstuff Company L.L.C. which is engaged in packing and repacking of food products.

Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 20 Segment information (continued)

Information regarding these segments is presented below:

For the three month period ended 31 March 2017 (unaudited):

	Foodco Holding P.J.S.C AED	5PL logistics LLC AED	Sense Gourmet Food Company P.J.S.C. AED	Oasis National Foodstuff Company L.L.C. AED	Elimination AED	Consolidated AED
Revenue – External	105,038,648	324,663	2,696,139	-	(1,042,715)	107,016,735
Revenue – Internal	39,277	399	-	-	(39,676)	-
Profit/ (loss) for the period	44,727,376	(2,130,060)	(210,098)	(35,099)	-	42,352,119

For the three month period ended 31 March 2016 (unaudited):

	Foodco Holding P.J.S.C AED	5PL logistics LLC AED	Sense Gourmet Food Company P.J.S.C. AED	Oasis National Foodstuff Company L.L.C. AED	Elimination AED	Consolidated AED
Revenue – External	83,823,565	432,333	2,603,691	65,151	(1,214,543)	85,710,197
Revenue – Internal	32,269	134,124	-	63,856	(230,249)	-
Profit/ (loss) for the period	36,594,773	(1,745,206)	(1,629,564)	21,657	-	33,241,660

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 20 Segment information (continued)

The segment assets and liabilities are as follows:

As at 31 March 2017 (unaudited):

	Foodco Holding PJSC AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company PJSC AED	Oasis National Foodstuff Company LLC AED	Elimination AED	Consolidated AED
Assets	933,842,094	8,299,627	11,086,748	1,815,649	(33,830,010)	921,214,108
Liabilities	411,522,741	8,199,672	10,749,277	342,824	(27,248,829)	403,565,685
Capital expenditure	1,366,931	86,033	-	-	-	1,452,964

31 December 2016 (audited)

	Foodco Holding P.J.S.C AED	5PL Logistics LLC AED	Sense Gourmet Foodstuff Company P.J.S.C AED	Oasis National Foodstuff Company L.L.C AED	Elimination AED	Consolidated AED
Assets	897,116,522	9,363,408	11,306,301	1,848,633	(41,294,143)	878,340,721
Liabilities	410,998,493	17,133,392	10,777,251	340,709	(35,118,479)	404,131,366
Capital expenditure	5,225,800	1,435,042	577,514	62,450	-	7,300,806

#### 21 Commitments and contingent liabilities

	31 March 2017 AED (unaudited)	31 December 2016 AED (audited)
Letters of credit	1,170,463	1,409,002
Bank guarantees	51,261,694	45,186,394

Letters of credit and bank guarantees were issued in the normal course of business.



## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 22 Financial instruments

The fair values of financial assets and financial liabilities approximate their carrying amounts in the condensed consolidated interim statement of financial position.

##### Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities presented in the consolidated statement of financial position approximate their fair values.

The fair value of the Group's financial assets and liabilities approximates their carrying amounts as stated in the consolidated financial statements.

Fair value measurements are recognised in the consolidated statement of financial position.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### 31 March 2017

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<i>Financial assets at FVTPL</i>				
Quoted shares	206,288,835	-	-	206,288,835
Mutual funds	-	6,032,836	-	6,032,836
<i>Financial assets at FVTOCI</i>				
Quoted shares	175,642,920	-	-	175,642,920
Unquoted shares	-	-	13,013,123	13,013,123
<b>Total</b>	<b>381,931,755</b>	<b>6,032,836</b>	<b>13,013,123</b>	<b>400,977,714</b>

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 22 Financial instruments (continued)

##### Fair value of financial assets and liabilities (continued)

31 December 2016	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
<i>Financial assets at FVTPL</i>				
Quoted shares	211,624,489	-	-	211,624,489
Mutual funds	-	5,511,000	-	5,511,000
<i>Financial assets at FVTOCI</i>				
Quoted shares	175,511,764	-	-	175,511,764
Unquoted shares	-	-	12,057,330	12,057,330
Total	<u>387,136,253</u>	<u>5,511,000</u>	<u>12,057,330</u>	<u>404,704,583</u>

The following valuation techniques were used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

##### i) Valuation techniques and significant unobservable inputs

###### Financial assets measured at FVTOCI:

###### Unquoted shares:

Valuation technique: The investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors.

Significant unobservable input: The investee's financial position and results, risk profile, prospects and other factors used for the valuation is unobservable.

Interrelationship between significant unobservable inputs and fair value: The estimated fair value would increase / (decrease) if these significant unobservable inputs were better / (worse).

## Foodco Holding – P.J.S.C.

### Notes to the condensed consolidated interim financial information

#### 22 Financial instruments (continued)

##### ii) Reconciliation of Level 3 fair values

Movement in the allowance for impairment of doubtful debts:

	<b>31 March 2017 AED (unaudited)</b>	31 December 2016 AED (audited)
At beginning of the period / year	<b>12,057,330</b>	12,755,404
Net change in fair value (unrealised)	<b>955,793</b>	(698,074)
At the end of the period / year	<b><u>13,013,123</u></b>	<u>12,057,330</u>

##### iii) Reclassification from Level 2 to Level 3

Unquoted shares classified as financial assets held at FVTOCI have been reclassified from Level 2 to Level 3 as the valuation technique used is based on significant unobservable inputs as mentioned above. These financial assets have also been reclassified as Level 3 in the comparatives.

#### 23 Dividends

In February 2017, a dividend of AED 15,000,000 (representing 15% of the issued share capital) was declared by the Board of Directors. However, subsequent to the period end, the dividend was revised to AED 20,000,000 (representing 20% of the share capital) and was approved in the Annual General Meeting of shareholders held on 11 April 2017.

#### 24(a) Cyclicity of the operations

The Group's dividend income, classified as Dividend and changes in fair value of financial assets, is subject to fluctuations as dividend income for majority of the investees are announced annually in the first quarter. As a result, dividend income is lower for the remaining quarters of the year.

#### 24(b) Date of authorisation for issue

The condensed consolidated interim financial information was approved by the Company's Board of Directors and authorised for issue on 14 May 2017.