

International Holdings Company PJSC

REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2019

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF INTERNATIONAL HOLDINGS COMPANY PJSC**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of International Holdings Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2019, comprising of the interim consolidated statement of financial position as at 30 June 2019 and the related interim consolidated statements of profit or loss and comprehensive income for the three month period and six month period then ended, and the interim consolidated statements of changes in equity and cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

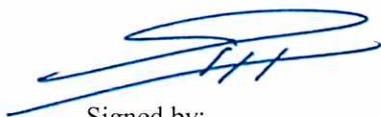
Conclusion

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

Other matter

The interim condensed consolidated financial statements of the Group for the period ended 30 June 2018 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 12 August 2018.

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 12 March 2019.



Signed by:
Raed Ahmad
Partner
Ernst & Young
Registration No 811

5 August 2019
Abu Dhabi

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	5	887,489	68,624
Goodwill and other intangible assets	18	88,909	-
Right-of-use assets	3	13,887	-
Investment properties	6	97,972	98,180
Investment in associates and joint ventures	7	6,881	12,928
Financial assets at fair value through other comprehensive income	8	23,284	22,868
Loans and advances	15.2	<u>1,804</u>	<u>1,200</u>
Total non-current assets		<u>1,120,226</u>	<u>203,800</u>
Current assets			
Inventories	9	53,724	37,113
Biological assets		1,331	1,504
Due from related parties		69,082	67,327
Trade and other receivables		313,290	187,914
Cash and bank balances	10	<u>270,429</u>	<u>293,496</u>
Total current assets		<u>707,856</u>	<u>587,354</u>
Total assets		<u>1,828,082</u>	<u>791,154</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,821,429	510,000
Merger reserve	4.2	(886,391)	-
Statutory reserve	12	12,820	12,820
Cumulative changes on revaluation of investments		8,084	7,668
Currency translation reserve		(384)	(102)
Retained earnings		<u>53,950</u>	<u>46,644</u>
Equity attributable to owners of the Company		1,009,508	577,030
Non-controlling interests		<u>27,227</u>	<u>9,269</u>
Total equity		<u>1,036,735</u>	<u>586,299</u>
Non-current liabilities			
Provision for employees' end of service indemnity		20,966	16,900
Lease liability	3	13,025	-
Payable to non-trading supplier		1,035	-
Bank borrowings		358,493	25,144
Trade payables and other liabilities		<u>101,970</u>	<u>-</u>
Total non-current liabilities		<u>495,489</u>	<u>42,044</u>

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
At 30 June 2019

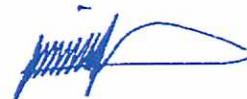
	<i>Notes</i>	<i>(Unaudited)</i> 30 June 2019 <i>AED'000</i>	<i>(Audited)</i> 31 December 2018 <i>AED'000</i>
Current liabilities			
Due to related parties		40,702	7,684
Lease liability	3	829	-
Loan from a related party	13	-	3,145
Bank borrowings		88,393	3,500
Trade payables and other liabilities		<u>165,934</u>	<u>148,482</u>
Total current liabilities		<u>295,858</u>	<u>162,811</u>
Total liabilities		<u>791,347</u>	<u>204,855</u>
TOTAL EQUITY AND LIABILITIES		<u>1,828,082</u>	<u>791,154</u>



Chief Financial Officer



Chief Executive Officer



Chairman

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months and six months period ended 30 June 2019

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</i>	
		<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
		<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Revenue		162,040	126,431	353,023	238,843
Cost of revenue		(142,299)	(109,426)	(307,452)	(205,135)
Gross profit		19,741	17,005	45,571	33,708
General and administrative expenses		(16,950)	(10,318)	(36,357)	(21,268)
Selling and distribution expenses		(11,399)	(7,745)	(17,672)	(13,912)
Investment and other income	14	3,992	7,015	11,880	15,266
Share of profit from investment in associates and joint ventures	7	1,480	1,585	2,913	3,643
Fair value gain on previously held equity interest	7	5,494	-	5,494	-
Exchange loss		(243)	-	(243)	-
Finance costs		(607)	(9)	(814)	(19)
Profit for the period		<u>1,508</u>	<u>7,533</u>	<u>10,772</u>	<u>17,418</u>
Attributable to:					
Owners of the Company		683	6,486	9,663	15,993
Non-controlling interests		825	1,047	1,109	1,425
Profit for the period		<u>1,508</u>	<u>7,533</u>	<u>10,772</u>	<u>17,418</u>
Basic earnings per share	16	<u>0.001</u>	<u>0.013</u>	<u>0.019</u>	<u>0.031</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months and six months period ended 30 June 2019

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Profit for the period	1,508	7,533	10,772	17,418
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange difference on translation of foreign operations	47	-	(353)	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in the fair value of financial assets at fair value through other comprehensive income	<u>343</u>	<u>(149)</u>	<u>416</u>	<u>(411)</u>
Total other comprehensive income (loss)	<u>390</u>	<u>(149)</u>	<u>63</u>	<u>(411)</u>
Total comprehensive income for the period	<u>1,898</u>	<u>7,384</u>	<u>10,835</u>	<u>17,007</u>
Attributable to:				
Owners of the Company	1,064	6,337	9,797	15,582
Non-controlling interests	<u>834</u>	<u>1,047</u>	<u>1,038</u>	<u>1,425</u>
	<u>1,898</u>	<u>7,384</u>	<u>10,835</u>	<u>17,007</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months period ended 30 June 2019

	Share capital AED'000	Merger reserve AED'000	Statutory reserve AED'000	Cumulative changes on revaluation of financial assets AED'000	Currency translation reserve AED'000	Retained earnings AED'000	Equity attributable to Owners of the Company AED'000	Non controlling- interests AED'000	Total AED'000
Balance at 1 January 2018 (audited)	510,000	-	10,975	(2,264)	-	35,162	553,873	6,251	560,124
Effect of changes in accounting policy for IFRS 9	-	-	-	10,942	-	(1,571)	9,371	(19)	9,352
Balance at 1 January 2018 (restated)	510,000	-	10,975	8,678	-	33,591	563,244	6,232	569,476
Profit for the period	-	-	-	-	-	15,993	15,993	1,425	17,418
Other comprehensive loss for the period	-	-	-	(411)	-	-	(411)	-	(411)
Total comprehensive income for the period	-	-	-	(411)	-	15,993	15,582	1,425	17,007
Disposal of partial interest in subsidiary	-	-	-	-	-	45	45	5,824	5,869
Balance at 30 June 2018 (unaudited)	<u>510,000</u>	<u>-</u>	<u>10,975</u>	<u>8,267</u>	<u>-</u>	<u>49,629</u>	<u>578,871</u>	<u>13,481</u>	<u>592,352</u>
Balance at 1 January 2019 (audited)	510,000	-	12,820	7,668	(102)	46,644	577,030	9,269	586,299
Profit for the period	-	-	-	-	-	9,663	9,663	1,109	10,772
Other comprehensive income (loss) for the period	-	-	-	416	(282)	-	134	(71)	63
Total comprehensive income (loss) for the period	-	-	-	416	(282)	9,663	9,797	1,038	10,835
Issue of share capital (note 11)	1,311,429	-	-	-	-	-	1,311,429	-	1,311,429
Business combination of entities under common control (note 4.2)	-	(886,391)	-	-	-	-	(886,391)	-	(886,391)
Acquisition of non-controlling interest (note 2.2)	-	-	-	-	-	(2,357)	(2,357)	2,357	-
Acquisition of subsidiary (note 4.1)	-	-	-	-	-	-	-	14,563	14,563
Balance at 30 June 2019 (unaudited)	<u>1,821,429</u>	<u>(886,391)</u>	<u>12,820</u>	<u>8,084</u>	<u>(384)</u>	<u>53,950</u>	<u>1,009,508</u>	<u>27,227</u>	<u>1,036,735</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2019

	<i>Six months period ended</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit for the period	10,772	17,418
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	2,533	1,593
Depreciation of investment properties	208	207
Share of profit from investment in associates and joint ventures	(2,913)	(3,643)
Change in fair value of biological assets	400	(284)
Provision for employees' end of service indemnity	1,848	1,219
Gain on disposal of property, plant and equipment	(36)	(695)
Gain on acquisition of a subsidiary	-	(2,482)
Allowance for slow moving inventories	1,456	333
Allowance for expected credit losses	2,378	2,014
Investment income	(8,054)	(8,011)
Fair value gain on revaluation of acquirers' previously held equity interest	(5,494)	-
Exchange losses	243	-
Finance costs	814	19
Operating cash flows before changes in operating assets and liabilities	4,155	7,688
Decrease (increase) in inventories	12,415	(3,122)
Decrease in biological assets	173	3,353
Decrease in due from related parties	548	207
Increase in trade and other receivables	(21,167)	(20,470)
Increase (decrease) in due to related parties	3,145	(1,463)
(Decrease) increase in trade and other payables	(29,207)	33,865
Cash (used in) generated from operations	(29,938)	20,058
Employees' end of service indemnity paid	(1,875)	(346)
Finance costs paid	(814)	(19)
Net cash (used in) generated from operating activities	<u>(32,627)</u>	<u>19,693</u>
INVESTING ACTIVITIES		
Decrease (increase) in fixed deposits	48,586	(66,443)
Addition to property, plant and equipment	(22,153)	(10,928)
Proceeds from sale of property, plant and equipment	948	3,518
Acquisition of subsidiary	(7,685)	(3,167)
Business combination of entities under common control	13,850	-
Purchase of investment in associate	-	(3,486)
Proceeds from disposal of interest in subsidiary	-	4,669
Dividend received from associates and joint ventures	5,095	1,395
Investment income received	8,054	8,011
Net cash generated from (used in) investing activities	<u>46,695</u>	<u>(66,431)</u>
FINANCING ACTIVITIES		
Proceeds from bank borrowings	7,964	6,935
Repayment of loan from related parties	(3,145)	(1,440)
Decrease in obligation under finance lease	-	(227)
Net cash generated from financing activities	<u>4,819</u>	<u>5,268</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	18,887	(41,470)
Cash and cash equivalents at beginning of the period	91,772	175,689
Effect of foreign exchange rate changes	(353)	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (note 17)	<u>110,306</u>	<u>134,219</u>

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

1 GENERAL INFORMATION

International Holdings Company PJSC (the “Company”) is a Public Shareholding Company incorporated in Abu Dhabi by an Emiri Decree No.15 issued by His Highness The Ruler of Abu Dhabi on 23 November 1998. The Group comprises International Holdings Company PJSC (the “Company”) and its subsidiaries (“the Group”).

The registered office of the Company is P.O. Box 32619, Abu Dhabi, United Arab Emirates.

The main activities of the Group are management services, investing in aquaculture projects, trading in fish and fish products, exporting, preserving fish products and other sea living resources through cooling and freezing, general trading of foodstuff, buying, selling and dividing plots and real estate, management and leasing of real estate and developing real estate, performing technical, commercial and contracting services, specifically marine works, controls, general contacting and other associate business.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 August 2019.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2018. In addition, results for the period ended 30 June 2019 are not necessarily indicative of the results for the year ending 31 December 2019.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments and biological assets which are stated at revalued amounts or amortised cost.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED’000) except when otherwise indicated, being the functional and presentation currency of the Company.

2.2 Basis for consolidation

The interim condensed consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the interim condensed consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Details of Company's subsidiaries as at 30 June 2019 and 31 December 2018 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2019</i>	<i>2018</i>
Alliance Foods Company LLC	United Arab Emirates	Trading, processing and packing of seafood products.	100%	100%
Alliance Food Security Holdings LLC *	United Arab Emirates	General trading, importing, exporting, storing in public store houses, commercial brokers and storekeepers and warehouses management and operations. Wholesale of fodder trading, canned and preserved foodstuff trading, frozen foodstuff trading and agriculture foodstuff trading.	80%	70%
Emirates Stallions Properties LLC	United Arab Emirates	Buying, selling and dividing plots and real estate management and developing and leasing of real estate.	100%	100%
Abu Dhabi Land General Contracting LLC	United Arab Emirates	Technical, commercial and contracting services specifically marine work contract.	100%	100%
Gulf Dunes Landscaping and Agricultural Services LLC	United Arab Emirates	Landscaping design and execution.	100%	100%
Century Real Estate Management LLC	United Arab Emirates	Labour camp management	82%	82%
Asmak Al Arab Co. LLC	Kingdom of Saudi Arabia	Wholesale and retail trading of fish, shrimps and other fresh, chilled and frozen aquatic and importing and exporting of those products. Farming of fish, shrimps and other aquatic. Wholesale and retail trading in property and equipment of fish farming.	80%	80%
Alliance Food Security Holdings USA	United States of America	Animal feed trading	100%	100%
Forrajes San Mateo, S.L.U.	Spain	Trading and production of animal feed	100%	100%
Asmak Holding Company Limited	United Arab Emirates	Holding companies and investment in commercial enterprises and management	100%	100%
The Gombos Company, L.L.C. **	United States of America	Trading and production of animal feed	50%	30%

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2019</i>	<i>2018</i>
PAL Cooling Holding LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Cooling Services LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Tamouh Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Danat Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Saraya Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Shams Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL Najamat Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%
PAL 4 Reem Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	0%

* Effective 1 April 2019, the Group increased its ownership interest in Alliance Food Security Holdings LLC from 70% to 80% by subscribing for 18 million shares out of 20 million total new shares issued by Alliance Food Security Holdings LLC.

** The Group increased its ownership interest in The Gombos Company, L.L.C. from 30% to 50% effective 1 January 2019 (note 4.1).

*** During the period, the Group acquired 100% ownership interest in PAL Cooling Holding LLC and its subsidiaries (note 4.2).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

Annual improvements 2015-2017 cycle

- IFRS 3 Business Combinations
- IFRS 11 Joint Arrangements
- IAS 12 Income Taxes
- IAS 23 Borrowing Costs

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. The other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 ‘Leases’

In January 2016, the IASB issued IFRS 16 Leases which replaces the existing leasing standard (IAS 17 Leases) and requires the recognition of most leases on the balance sheet. IFRS 16 effectively removes the classification of leases as either finance or operating leases and treats all leases as finance leases for lessees with exemptions for short-term leases where the term is twelve months or less and for leases of low-value items. The accounting treatment for lessors remains essentially unchanged, with the requirement to classify leases as either finance or operating. The Group has adopted IFRS 16 on the effective date of January 1, 2019 through the simplified modified approach.

Right of use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 16 'Leases' continued*Lease liabilities continued*

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Transition to IFRS 16

The effect of adoption of IFRS 16 as at 1 January 2019 is as follows:

	<i>At 1 January 2019 AED'000</i>
<i>Assets</i>	
Right-of-use assets	14,139
Prepayments	<u>(263)</u>
Total assets	<u>13,876</u>
<i>Liabilities</i>	
Lease liability	<u>13,876</u>
Total liabilities	<u>13,876</u>

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018 (AED'000)	27,984
Incremental borrowing rate as at 1 January 2019	5.8%
Discounted operating lease commitments at 1 January 2019 (AED'000)	13,876
Adjustment of commitments relating to leases of low value assets (AED'000)	<u>-</u>
Lease liabilities as at 1 January 2019 (AED'000)	<u>13,876</u>

Amounts recognised in the interim consolidated statement of financial position and interim statement of profit or loss

Set out below, are the carrying amounts of the Group's right-of-use asset and lease liabilities and the movements during the period:

	<i>Right-of-use (land) AED'000</i>	<i>Lease liability AED'000</i>
As at 1 January 2019	14,139	13,876
Depreciation expense	(252)	-
Interest expense	-	392
Repayment made during the period	<u>-</u>	<u>(414)</u>
As at 30 June 2019	<u>13,887</u>	<u>13,854</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2019 (Unaudited)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 16 'Leases' continued

Lease liability is analysed in the interim statement of financial position as follows:

	<i>(Unaudited)</i> <i>30 June</i> <i>2019</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>AED'000</i>
Current	829	-
Non-current	<u>13,025</u>	<u>-</u>
Current	<u>13,854</u>	<u>-</u>

3.1 Significant Accounting Estimates and Judgements

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2018.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

4 BUSINESS COMBINATIONS AND ACQUISITIONS

4.1 Acquisition of The Gombos Company, L.L.C.

Effective 1 January 2019, the Group increased its ownership interest in The Gombos Company, L.L.C from 30% to 50% by making additional capital contribution of AED 6,239 thousand (USD 1,700 thousand). The Gombos Company, L.L.C. is a private limited liability company based in the United States of America that is involved in trading and production of animal feed. The acquisition has been accounted for using the acquisition method.

The acquisition date fair values of the identifiable assets and liabilities of The Gombos Company, L.L.C. were as follows:

	<i>Fair value as at the date of acquisition AED'000</i>
Assets	
Property and equipment	11,748
Intangible assets	8,514
Inventories	37,078
Trade and other receivables	<u>17,587</u>
Total assets	<u>74,927</u>
Liabilities	
Bank borrowings	25,943
Trade and other payables	<u>19,858</u>
Total liabilities	<u>45,801</u>
Total identifiable net assets at fair value	<u>29,126</u>
Proportionate share of identifiable net assets acquired (50%)	14,563
Purchase consideration paid	6,239
Fair value of previously held equity interest (30%)	<u>9,359</u>
Total purchase consideration	<u>15,598</u>
Goodwill arising on acquisition	<u>1,035</u>

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30 June 2019 (Unaudited)

4 BUSINESS COMBINATIONS AND ACQUISITIONS continued

4.2 PAL Cooling Holding LLC and its subsidiaries

On 30 June 2019, the Company issued 1,311,428,571 new shares and completed the acquisition of 100% of the issued share capital of PAL Cooling Holding LLC and its subsidiaries ("PAL"). The new shares were issued to the previous owners of PAL. PAL is based in the United Arab Emirates and is involved in installation of district cooling and air conditioning, repair of district cooling and investment in infrastructure projects. The acquisition of PAL is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as it is business combination of entities under common control given that the Company and PAL are ultimately controlled by the same party before and after the acquisition. The acquisition has been accounted for in the interim condensed consolidated financial statements using the pooling of interests method, which reflects the economic substance of the transaction. In accordance with IFRS 10, "Consolidated Financial Statements", the Group has elected to consolidate the income, expenses, assets and liabilities of PAL from the date of acquisition.

The carrying values of the assets and liabilities of PAL at the date of acquisition are as follows:

	<i>30 June 2019 AED'000</i>
ASSETS	
Property, plant and equipment	788,157
Intangible assets	80,000
Due from related parties	1,903
Trade and other receivables	89,634
Cash and bank balances	<u>13,850</u>
TOTAL ASSETS	<u>973,544</u>
LIABILITIES	
Provision for employees' end of service indemnity	4,080
Bank borrowings	383,124
Due to related parties	29,874
Trade and other payables	<u>131,428</u>
TOTAL LIABILITIES	<u>548,506</u>
Net assets acquired	<u>425,038</u>
Shares issued for the acquisition	<u>1,311,429</u>
MERGER RESERVE	<u>886,391</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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5 PROPERTY, PLANT AND EQUIPMENT

During the current period, additions to property, plant and equipment amounted to AED 22,153 thousand (six months period ended 30 June 2018: AED 10,928 thousand) and depreciation charge for the six months period ended 30 June 2019 amounted to AED 2,281 thousand (six months period ended 30 June 2018: AED 1,593 thousand). Further, property, plant and equipment amounting to AED 799,905 thousand (six months period ended 30 June 2018: AED 7,330 thousand) was acquired through business combinations during the current period (note 4.1 and 4.2).

During the current period, the Group disposed of property, plant and equipment with net book value of AED 912 thousand (six months period ended 30 June 2018: AED 2,823) for a consideration of AED 948 thousand (six months period ended 30 June 2018: AED 3,518 thousand), resulting in a gain on disposal of property, plant and equipment amounting to AED 36 thousand (six months period ended 30 June 2018: AED 695 thousand).

6 INVESTMENT PROPERTIES

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Land	97,438	97,438
Buildings	<u>68,415</u>	<u>68,415</u>
	<u>165,853</u>	<u>165,853</u>
Depreciation:		
At 1 January	67,673	67,260
Charge for the year	<u>208</u>	<u>413</u>
Accumulated depreciation and impairment loss	<u>67,881</u>	<u>67,673</u>
	<u>97,972</u>	<u>98,180</u>

Depreciation charges for the six months period ended 30 June 2019 amounted to AED 208 thousand (six months period ended 30 June 2018: AED 207 thousand).

The fair value of the buildings as at 31 December 2018 was estimated to be around AED 27 million. The fair value of the buildings was determined by using discounted cash flow model prepared internally by management as at 31 December 2018. The carrying amount of the buildings as at 30 June 2019 is AED 534 thousand (31 December 2018: AED 742 thousand). The buildings are located in Reem Island, Abu Dhabi. Management believes that the fair value did not materially change during the six months period ended 30 June 2019.

Investment in plots of land represents the value of three plots of land located in Meena area, Abu Dhabi with a carrying amount of AED 97 million (31 December 2018: three plots of land with a carrying amount of AED 97 million). The fair value of the plots of land amounting to AED 177.54 million was determined by an accredited third party valuer and it was based on the market comparable approach that reflects recent transactions prices for similar properties as at 31 December 2018. In estimating the fair value of the properties, the highest and best use of the properties was determined to be their current use. Management believes that the value did not materially change during the six months period ended 30 June 2019.

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7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

During 2018, the directors of Lazio Real Estate Investment LLC, a joint venture, elected to liquidate the joint venture. As at 30 June 2019, carrying amount of the investments is AED 0.2 million (31 December 2018: AED 0.2 million). The liquidation process is still on going.

Tafseer Contracting & General Maintenance Company LLC, an associate, is under liquidation. As at June 2019, the carrying amount of the investments is AED Nil (31 December 2018: AED Nil).

Movements in investment in associates and joint ventures are as follows:

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Balance at the beginning of the period / year	12,928	8,815
Acquisition during the period / year	-	3,486
Disposal during the period / year*	(3,865)	-
Share of the Group's profit for the period / year	2,913	7,062
Dividend received during the period / year	<u>(5,095)</u>	<u>(6,435)</u>
Balance at the end of the period / year	<u>6,881</u>	<u>12,928</u>

* Gain on previously held equity interest in an associate is set out below:

	<i>(Unaudited)</i> 30 June 2019 AED'000
Fair value of equity interest	9,359
Less: carrying value of equity interest	<u>(3,865)</u>
Fair value gain on equity interest	<u>5,494</u>

Summarised financial information in respect of each of the Group's associates and joint ventures is set out below:

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Total assets	24,563	92,709
Total liabilities	<u>(9,587)</u>	<u>(51,211)</u>
Net assets	<u>14,976</u>	<u>41,498</u>
Group's share of net assets of associates and joint ventures	<u>6,881</u>	<u>12,928</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

	<i>Six months period ended</i>	
	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Unaudited)</i> 30 June 2018 AED'000
Total revenue	<u>12,212</u>	<u>49,217</u>
Total profit for the period	<u>5,802</u>	<u>6,614</u>
Group's share in profits, net	<u>2,913</u>	<u>3,643</u>

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Quoted	2,203	1,787
Unquoted	<u>21,081</u>	<u>21,081</u>
	<u>23,284</u>	<u>22,868</u>
In U.A.E. markets	<u>23,284</u>	<u>22,868</u>

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management of the Group has elected to designate these investments in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The unquoted investment is recorded at fair value using income approach. As per management, there was no change in fair value of unquoted investment between 31 December 2018 and 30 June 2019.

Movement in financial assets at fair value through other comprehensive income is as follows:

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Balance at the beginning of the period / year	22,868	23,878
Change in fair value	<u>416</u>	<u>(1,010)</u>
Closing balance at the beginning of the period / year	<u>23,284</u>	<u>22,868</u>

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30 June 2019 (Unaudited)

9 INVENTORIES

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Fish and fish products	20,431	34,701
Animal feed	28,564	-
Other material- packing and raw materials	<u>4,288</u>	<u>2,589</u>
	53,283	37,290
Less: allowance for slow moving inventories	(942)	(740)
Goods in transit	<u>1,383</u>	<u>563</u>
	<u><u>53,724</u></u>	<u><u>37,113</u></u>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Balance at the beginning of the period / year	740	336
Amounts charged to income during the period / year	1,456	404
Write off	<u>(1,254)</u>	-
Balance at the end of the period / year	<u><u>942</u></u>	<u><u>740</u></u>

10 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Cash on hand	447	258
<i>Bank balances:</i>		
Current and call accounts	48,131	22,855
Fixed deposits	221,851	270,437
Adjustment upon application of IFRS 9	<u>-</u>	<u>(54)</u>
Total cash and bank balances	270,429	293,496
Less: fixed deposits with a maturity of more than three months	<u>(160,123)</u>	<u>(201,724)</u>
	<u><u>110,306</u></u>	<u><u>91,772</u></u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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11 SHARE CAPITAL

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
<i>Authorised issued and fully paid</i>		
1,821 million shares of AED 1 each		
(31 December 2018: 510 million shares of AED 1 each)	<u>1,821,249</u>	<u>510,000</u>

During the period, the Company issued additional 1,311,428,571 shares of AED 1 each to acquire PAL Cooling Holding LLC group (note 4.2).

12 STATUTORY RESERVE

In accordance with United Arab Emirates Federal Law No. (2) of 2015 and the Company's articles of association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the Law.

13 LOAN FROM A RELATED PARTY

Details of a loan from a related party are as follows:

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Loan from a related party - Royal Group (corporate office)	<u>=</u>	<u>3,145</u>

The loan from a related party was unsecured and non-interest bearing. The loan was repaid fully during the period.

14 INVESTMENT AND OTHER INCOME

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	<i>(Unaudited)</i> 2019 AED '000	<i>(Unaudited)</i> 2018 AED '000	<i>(Unaudited)</i> 2019 AED '000	<i>(Unaudited)</i> 2018 AED '000
Change in fair value of biological assets	400	206	400	284
Investment income	1,406	1,438	8,054	8,011
Gain on acquisition of a subsidiary	-	2,482	-	2,482
Other income	<u>2,186</u>	<u>2,889</u>	<u>3,426</u>	<u>4,489</u>
	<u>3,992</u>	<u>7,015</u>	<u>11,880</u>	<u>15,266</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15 RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in the International Accounting Standard (IAS) 24 *Related Party Disclosures*.

Related parties include the Group's major Shareholders, Directors and businesses controlled by them and their families over which they exercise significant influence in financial and operating decisions making as well as key management personnel.

15.1 Transactions

During the period, the Group entered into the following transactions with related parties:

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>(Unaudited) 2019</i>	<i>(Unaudited) 2018</i>	<i>(Unaudited) 2019</i>	<i>(Unaudited) 2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Sales of fish and fish products	<u>1,645</u>	<u>1,331</u>	<u>3,613</u>	<u>3,179</u>
Contracting revenue	<u>5,458</u>	<u>-</u>	<u>25,011</u>	<u>-</u>
Purchases	<u>774</u>	<u>-</u>	<u>774</u>	<u>-</u>

Key management personnel:

	<i>(Unaudited) 30 June 2019</i>	<i>(Audited) 31 December 2018</i>
	<i>AED'000</i>	<i>AED'000</i>
Disposal of 10% interest in a subsidiary	<u>-</u>	<u>2,000</u>

Transactions with related parties were entered into on terms agreed with the management.

15.2 Key management remuneration

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>(Unaudited) 2019</i>	<i>(Unaudited) 2018</i>	<i>(Unaudited) 2019</i>	<i>(Unaudited) 2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Salaries and employee benefits	2,761	3,830	6,309	5,948
Number of key management personnel	10	8	10	8

Loans and advances include loan to a related party of AED 1,200 thousand which represents a loan to a key management personnel. The loan is non interest bearing and classified under loans and advances in the interim condensed consolidated financial statements.

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16 BASIC EARNINGS PER SHARE

Basic 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 as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>	<i>AED '000</i>
Profit for the period (AED'000)	<u>683</u>	<u>6,486</u>	<u>9,663</u>	<u>15,993</u>
Weighted average number of shares (shares in '000)	<u>524,571</u>	<u>510,000</u>	<u>517,245</u>	<u>510,000</u>
Basic earnings per share for the period (AED)	<u>0.001</u>	<u>0.013</u>	<u>0.019</u>	<u>0.031</u>

17 CASH AND CASH EQUIVALENTS

	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>30 June</i>	<i>30 June</i>
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
Total bank balances and cash	270,429	318,636
Less: fixed deposits with a maturity of more than three months	<u>(160,123)</u>	<u>(184,417)</u>
	<u>110,306</u>	<u>134,219</u>

Significant non-cash transactions, which have been excluded from the interim consolidated statement of cash flows are as follows:

	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>30 June</i>	<i>30 June</i>
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
Recognition of right-of-use-asset	13,887	-
Recognition of lease liability	13,854	-
Recognition of payable to non-trading supplier	1,035	-

18 GOODWILL AND OTHER INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Concession</i>	<i>Customer</i>	<i>Total</i>
	<i>AED'000</i>	<i>rights</i>	<i>relation and</i>	<i>AED'000</i>
		<i>AED'000</i>	<i>trade name</i>	
			<i>AED'000</i>	
At 1 January 2019	-	-	-	-
Relating to Business combination	1,035	80,000	8,514	89,549
Amortisation during the period	-	-	(640)	(640)
At 30 June 2019 (unaudited)	<u>1,035</u>	<u>80,000</u>	<u>7,874</u>	<u>88,909</u>

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19 CONTINGENT LIABILITIES AND COMMITMENTS

19.1 Contingent liabilities

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Letters of guarantee	<u>71,274</u>	<u>76,343</u>
Letters of credit	<u>20,499</u>	<u>26,392</u>

19.2 Commitments for capital expenditure

	<i>(Unaudited)</i> 30 June 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Commitments for the purchase of property, plant and equipment	<u>40,034</u>	<u>44,419</u>

20 SEASONALITY OF RESULTS

No significant income of a seasonal nature was recorded in the interim consolidated statement of profit or loss for the six months period ended 30 June 2019 and 2018.

21 FAIR VALUE MEASUREMENTS

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

21.1 Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table 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 and gives information about how the fair value of these financial assets are determined

- 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).

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30 June 2019 (Unaudited)

21 FAIR VALUE MEASUREMENTS continued

21.1 Fair value of the Group's financial assets that are measured at fair value on recurring basis continued

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 June 2019 (unaudited)	31 December 2018 (audited)				
	AED'000	AED'000				
Quoted equity investments – financial assets at fair value through other comprehensive income	2,203	1,787	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted equity investments – financial assets at fair value through other comprehensive income	21,081	21,081	Level 3	Discounted cash flow method.	Net assets value	Higher the net assets value of the investees, higher the fair value.

There were no transfers between each of levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

22 SEGMENTAL ANALYSIS

For operating purposes, the Group is organised into three major business segments as follows:

- **Fish farming/trading & processing, belongs to IHC food vertical** includes freezing fish and seafood, preparing and packing seafood products, fish farming and trading in fish and seafood products and general trading of foodstuff.
- **Animal Feed, belongs to food vertical of IHC** includes sourcing, processing and sales of forage and animal feed to securing the food from milk, meat and poultry industry.
- **Investments** includes investments in equity securities, investment in associates and joint ventures, investment properties and term deposits.
- **Contracting** includes technical, commercial and contracting services specifically marine work contract, landscaping design and execution, and labour camp management.
- **District Cooling** includes the installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.
- **Others (unallocated)** includes head office expenses not allocated to any segment.

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22 SEGMENTAL ANALYSIS continued

	<i>Fish and fish products</i>		<i>Animal feed</i>		<i>Investments</i>		<i>Contracting</i>		<i>District Cooling</i>		<i>Others</i>		<i>Total</i>	
	<i>Six month period ended</i>		<i>Six month period ended</i>		<i>Six month period ended</i>		<i>Six month period ended</i>		<i>Six month period ended</i>		<i>Six month period ended</i>		<i>Six month period ended</i>	
	<i>30 June</i>	<i>2018</i>												
Revenue	187,236	167,850	62,260	2,207	-	-	103,527	68,786	-	-	-	-	353,023	238,843
Cost of sales	(164,621)	(149,112)	(54,332)	(2,209)	-	-	(88,499)	(53,814)	-	-	-	-	(307,452)	(205,135)
Gross profit	22,615	18,738	7,928	(2)	-	-	15,028	14,972	-	-	-	-	45,571	33,708
S&D expenses	(16,160)	(13,577)	(1,512)	(335)	-	-	-	-	-	-	-	-	(17,672)	(13,912)
G&A expenses	(11,125)	(7,522)	(9,485)	(1,040)	-	-	(10,642)	(9,604)	-	-	(5,105)	(3,102)	(36,357)	(21,268)
Operating profit	(4,670)	2,361	(3,069)	(1,377)	-	-	4,386	5,368	-	-	(5,105)	(3,102)	(8,458)	(1,472)
Investment income	-	-	-	(175)	10,967	11,829	-	-	-	-	-	-	10,967	11,654
Other income /expense	69	3,800	5,241	51	-	2,482	3,767	922	-	-	-	-	9,077	7,255
Finance costs	-	-	(814)	(19)	-	-	-	-	-	-	-	-	(814)	(19)
(Loss) profit for the period	(4,601)	1,439	1,358	(1,520)	10,967	14,311	8,153	6,290	-	-	(5,105)	(3,102)	10,772	17,418
Depreciation & amortisation	610	230	1,195	704	-	-	908	866	-	-	28	-	2,741	1,800
EBITDA	(3,991)	1,669	2,553	(816)	10,967	14,311	9,061	7,156	-	-	(5,077)	(3,102)	13,513	19,218
	<i>Fish and fish products</i>		<i>Animal feed</i>		<i>Investments</i>		<i>Contracting</i>		<i>District Cooling</i>		<i>Others</i>		<i>Total</i>	
	<i>30 June</i>	<i>December</i>												
	<i>2019</i>	<i>2018</i>												
Segment assets	221,980	193,111	103,110	22,935	349,987	306,927	176,002	266,401	973,544	-	3,459	1,780	1,828,082	791,154
Equity	118,620	123,505	52,616	12,416	349,987	306,927	89,746	146,122	425,038	-	728	(2,671)	1,036,735	586,299
Segment liabilities	103,361	69,607	50,494	10,519	-	-	86,256	120,279	548,506	-	2,730	4,450	791,347	204,855