

International Holdings Company PJSC

REVIEW REPORT AND INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 2019, comprising of the interim consolidated statement of financial position as at 30 September 2019 and the related interim consolidated statements of profit or loss and comprehensive income for the three month period and nine month period then ended, and the interim consolidated statements of changes in equity and cash flows for the nine 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.

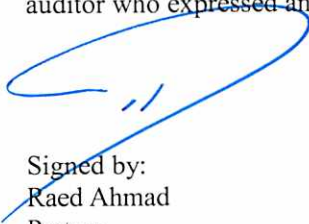
Conclusion

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

Other matter

The interim condensed consolidated financial statements of the Group for the period ended 30 September 2018 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 5 November 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

12 November 2019
Abu Dhabi

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	5	898,986	68,624
Goodwill and other intangible assets	18	87,327	-
Right-of-use assets	3	13,759	-
Investment properties	6	97,889	98,180
Investment in associates and joint ventures	7	8,212	12,928
Financial assets at fair value through other comprehensive income	8	42,741	22,868
Loans and advances	15.2	<u>1,754</u>	<u>1,200</u>
Total non-current assets		<u>1,150,668</u>	<u>203,800</u>
Current assets			
Inventories	9	94,288	37,113
Biological assets		1,262	1,504
Due from related parties	15	69,367	67,327
Trade and other receivables		342,857	187,914
Cash and bank balances	10	<u>219,666</u>	<u>293,496</u>
Total current assets		<u>727,440</u>	<u>587,354</u>
Total assets		<u>1,878,108</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		7,952	7,668
Currency translation reserve		(1,715)	(102)
Retained earnings		<u>70,554</u>	<u>46,644</u>
Equity attributable to owners of the Company		1,024,649	577,030
Non-controlling interests		<u>26,894</u>	<u>9,269</u>
Total equity		<u>1,051,543</u>	<u>586,299</u>
Non-current liabilities			
Provision for employees' end of service indemnity		21,113	16,900
Lease liability	3	13,224	-
Bank borrowings		373,013	25,144
Trade payables and other liabilities		<u>97,317</u>	<u>-</u>
Total non-current liabilities		<u>504,667</u>	<u>42,044</u>

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

At 30 September 2019

		<i>(Unaudited)</i> 30 September 2019 <i>AED'000</i>	<i>(Audited)</i> 31 December 2018 <i>AED'000</i>
	<i>Notes</i>		
Current liabilities			
Due to related parties	15	15,772	7,684
Lease liability	3	829	-
Loan from a related party	13	-	3,145
Bank borrowings		80,948	3,500
Trade payables and other liabilities		<u>224,349</u>	<u>148,482</u>
Total current liabilities		<u>321,898</u>	<u>162,811</u>
Total liabilities		<u>826,565</u>	<u>204,855</u>
TOTAL EQUITY AND LIABILITIES		<u>1,878,108</u>	<u>791,154</u>



Chief Financial Officer



Managing Director



Chairman

The attached notes 1 to 23 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 nine months period ended 30 September 2019

	Notes	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
		<i>2019</i> <i>AED '000</i>	<i>2018</i> <i>AED '000</i>	<i>2019</i> <i>AED '000</i>	<i>2018</i> <i>AED '000</i>
Revenue		260,326	131,577	613,349	370,420
Cost of revenue		(210,839)	(111,922)	(518,290)	(317,057)
Gross profit		49,487	19,655	95,059	53,363
General and administrative expenses		(21,284)	(12,266)	(57,641)	(34,020)
Selling and distribution expenses		(10,362)	(8,322)	(28,034)	(22,234)
Investment and other income	14	2,519	1,678	14,398	17,430
Share of profit from investment in associates and joint ventures	7	1,331	1,838	4,244	5,481
Fair value gain on previously held equity interest	7	-	-	5,494	-
Exchange loss		-	-	(243)	-
Finance costs		(5,088)	(10)	(5,902)	(29)
Profit for the period		<u>16,603</u>	<u>2,573</u>	<u>27,375</u>	<u>19,991</u>
Attributable to:					
Owners of the Company		16,573	2,091	26,267	18,084
Non-controlling interests		<u>30</u>	<u>482</u>	<u>1,108</u>	<u>1,907</u>
Profit for the period		<u>16,603</u>	<u>2,573</u>	<u>27,375</u>	<u>19,991</u>
Basic earnings per share	16	<u>0.009</u>	<u>0.004</u>	<u>0.027</u>	<u>0.035</u>

The attached notes 1 to 23 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 nine months period ended 30 September 2019

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	<u>16,603</u>	<u>2,573</u>	<u>27,375</u>	<u>19,991</u>
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange difference on translation of foreign operations	(1,663)	-	(2,016)	-
<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>(132)</u>	<u>(355)</u>	<u>284</u>	<u>(766)</u>
Total other comprehensive loss	<u>(1,795)</u>	<u>(355)</u>	<u>(1,732)</u>	<u>(766)</u>
Total comprehensive income for the period	<u>14,808</u>	<u>2,218</u>	<u>25,643</u>	<u>19,225</u>
Attributable to:				
Owners of the Company	15,111	1,736	24,938	17,318
Non-controlling interests	<u>(303)</u>	<u>482</u>	<u>705</u>	<u>1,907</u>
	<u>14,808</u>	<u>2,218</u>	<u>25,643</u>	<u>19,225</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months period ended 30 September 2019

	<i>Attributable to equity holders of the Company</i>								
	<i>Share capital</i> <i>AED'000</i>	<i>Merger reserve</i> <i>AED'000</i>	<i>Statutory reserve</i> <i>AED'000</i>	<i>Cumulative changes on revaluation of investments</i> <i>AED'000</i>	<i>Currency translation reserve</i> <i>AED'000</i>	<i>Retained earnings</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>	<i>Non controlling-interests</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
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	-	-	-	<u>10,942</u>	-	<u>(1,571)</u>	<u>9,371</u>	<u>(19)</u>	<u>9,352</u>
Balance at 1 January 2018 (restated)	510,000	-	10,975	8,678	-	33,591	563,244	6,232	569,476
Profit for the period	-	-	-	-	-	18,084	18,084	1,907	19,991
Other comprehensive loss for the period	-	-	-	<u>(766)</u>	-	-	<u>(766)</u>	-	<u>(766)</u>
Total comprehensive income for the period	-	-	-	(766)	-	18,084	17,318	1,907	19,225
Disposal of partial interest in subsidiary	-	-	-	-	-	<u>45</u>	<u>45</u>	<u>5,824</u>	<u>5,869</u>
Balance at 30 September 2018 (unaudited)	<u>510,000</u>	<u>-</u>	<u>10,975</u>	<u>7,912</u>	<u>-</u>	<u>51,720</u>	<u>580,607</u>	<u>13,963</u>	<u>594,570</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	-	-	-	-	-	26,267	26,267	1,108	27,375
Other comprehensive income (loss) for the period	-	-	-	<u>284</u>	<u>(1,613)</u>	-	<u>(1,329)</u>	<u>(403)</u>	<u>(1,732)</u>
Total comprehensive income (loss) for the period	-	-	-	284	(1,613)	26,267	24,938	705	25,643
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)	-	-	-	-	-	-	-	<u>14,563</u>	<u>14,563</u>
Balance at 30 September 2019 (unaudited)	<u>1,821,429</u>	<u>(886,391)</u>	<u>12,820</u>	<u>7,952</u>	<u>(1,715)</u>	<u>70,554</u>	<u>1,024,649</u>	<u>26,894</u>	<u>1,051,543</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine months period ended 30 September 2019

	<i>Nine months period ended</i>	
	<i>2019</i>	<i>2018</i>
	<i>AED'000</i>	<i>AED'000</i>
OPERATING ACTIVITIES		
Profit for the period	27,375	19,991
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	10,286	2,087
Amortisation of intangible assets	2,222	-
Depreciation of investment properties	312	311
Share of profit from investment in associates and joint ventures	(4,244)	(5,481)
Change in fair value of biological assets	(411)	1,086
Provision for employees' end of service indemnity	2,669	1,857
Gain on disposal of property, plant and equipment	(184)	(695)
Gain on acquisition of a subsidiary	-	(2,482)
Allowance for slow moving inventories	1,514	333
Allowance for expected credit losses	8,682	(1,166)
Interest and dividend income	(9,173)	(15,451)
Fair value gain on revaluation of acquirers' previously held equity interest	(5,494)	-
Exchange losses	243	-
Finance costs	<u>(5,902)</u>	<u>29</u>
Operating cash flows before changes in operating assets and liabilities	27,895	419
(Increase) in inventories	(52,955)	(8,569)
Decrease in biological assets	653	1,902
Decrease (increase) in due from related parties	4,064	(902)
(Increase) in trade and other receivables	(30,645)	(834)
(Decrease) increase in due to related parties	(6,432)	635
(Decrease) increase in trade and other payables	<u>(36,054)</u>	<u>26,337</u>
Cash (used in) generated from operations	(93,474)	18,988
Employees' end of service indemnity paid	(2,736)	(446)
Finance costs paid	<u>5,902</u>	<u>(29)</u>
Net cash (used in) generated from operating activities	<u>(90,308)</u>	<u>18,513</u>
INVESTING ACTIVITIES		
Decrease in fixed deposits	161,731	25,526
Addition to property, plant and equipment	(41,430)	(24,984)
Proceeds from sale of property, plant and equipment	1,251	900
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	5,135
Interest and dividend received	<u>9,173</u>	<u>14,871</u>
Net cash generated from investing activities	<u>141,985</u>	<u>19,464</u>
FINANCING ACTIVITIES		
Proceeds from bank borrowings	24,938	12,737
Repayment of loan from related parties	(3,500)	(2,160)
Decrease in obligation under finance lease	-	(361)
Net cash generated from financing activities	<u>21,438</u>	<u>10,216</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		
	73,115	48,193
Cash and cash equivalents at beginning of the period	91,772	175,689
Effect of foreign exchange rate changes	<u>(2,016)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (note 17)	<u>162,871</u>	<u>223,882</u>

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

30 September 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 associated business, in addition group added new vertical which has activities of installation of district cooling and air conditioning repair district cooling and investment in infrastructure projects.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 November 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 September 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.

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.

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.

Business combination of entities under common control

Transactions giving rise to transfer of interest in entities that are under common control are accounted for at the date the transfer occurred without restatement of prior periods. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognized directly in equity.

International Holdings Company PJSC

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

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Details of Company's subsidiaries as at 30 September 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 September 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).

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. The right of use assets are amortised over 30 years on a straight-line basis.

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.

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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 (land)	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>

International Holdings Company PJSC

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

IFRS 16 'Leases' continued

Amounts recognised in the interim consolidated statement of financial position and interim consolidated 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	(380)	-
Interest expense	-	591
Repayment made during the period	<u>-</u>	<u>(414)</u>
As at 30 September 2019	<u>13,759</u>	<u>14,053</u>

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

	<i>(Unaudited) 30 September 2019 AED'000</i>	<i>(Audited) 31 December 2018 AED'000</i>
Current	829	-
Non-current	<u>13,224</u>	<u>-</u>
Current	<u>14,053</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.

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 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 Group has concluded that it controls The Gombos Company, L.L.C as the Group exercises power over The Gombos Company through the supply and distribution agreement between the Group and The Gombos Company, L.L.C., its representation on the board of directors and the right to appoint the managing member of the board of directors of The Gombos Company, L.L.C.

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>

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 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 interest 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>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>

5 PROPERTY, PLANT AND EQUIPMENT

During the current period, additions to property, plant and equipment amounted to AED 41,430 thousand (nine months period ended 30 September 2018: AED 24,984 thousand) and depreciation charge for the nine months period ended 30 September 2019 amounted to AED 9,906 thousand (nine months period ended 30 September 2018: AED 2,087 thousand). Further, property, plant and equipment amounting to AED 799,905 thousand (nine months period ended 30 September 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 1,067 thousand (nine months period ended 30 September 2018: AED 205 thousand) for a consideration of AED 1,251 thousand (nine months period ended 30 September 2018: AED 900 thousand), resulting in a gain on disposal of property, plant and equipment amounting to AED 184 thousand (nine months period ended 30 September 2018: AED 695 thousand).

International Holdings Company PJSC

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

6 INVESTMENT PROPERTIES

	<i>Land</i> <i>AED'000</i>	<i>Building</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Cost:			
At 1 January 2019 (Audited)	97,438	68,415	165,853
Additions	<u>-</u>	<u>21</u>	<u>21</u>
At 30 September 2019	<u>97,438</u>	<u>68,436</u>	<u>165,874</u>
Depreciation:			
At 1 January 2019 (Audited)	-	67,673	67,673
Charge for the period	<u>-</u>	<u>312</u>	<u>312</u>
At 30 September 2019	<u>-</u>	<u>67,985</u>	<u>67,985</u>
Net carrying amount:			
At 30 September 2019	<u>97,438</u>	<u>451</u>	<u>97,889</u>
Cost:			
At 31 December 2017 and 2018	<u>97,438</u>	<u>68,415</u>	<u>165,853</u>
Depreciation:			
At 1 January 2018	-	67,260	67,260
Charge for the year	<u>-</u>	<u>413</u>	<u>413</u>
At 31 December 2018	<u>-</u>	<u>67,673</u>	<u>67,673</u>
Net carrying amount:			
At 31 December 2018	<u>97,438</u>	<u>742</u>	<u>98,180</u>

Depreciation charges for the nine months period ended 30 September 2019 amounted to AED 312 thousand (nine months period ended 30 September 2018: AED 311 thousand).

The fair value of the buildings as at 31 December 2018 was estimated to be around AED 30 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 September 2019 is AED 451 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 nine months period ended 30 September 2019. For disclosure purposes these investment properties are considered as level 3.

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 nine months period ended 30 September 2019. For disclosure purposes these investment properties are considered as level 3.

International Holdings Company PJSC

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

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 September 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 September 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 September 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	4,244	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>8,212</u>	<u>12,928</u>

* Gain on derecognition of associate following acquisition of additional interest resulting in control is as follows:

	<i>(Unaudited)</i> 30 September 2019 AED'000
Fair value of equity interest (note 4.1)	9,359
Less: carrying value of associate	<u>(3,865)</u>
Fair value gain on previously held 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 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Total assets	26,329	92,709
Total liabilities	<u>(8,648)</u>	<u>(51,211)</u>
Net assets	<u>17,681</u>	<u>41,498</u>
Group's share of net assets of associates and joint ventures	<u>8,212</u>	<u>12,928</u>

International Holdings Company PJSC

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

7 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

	<i>Nine months period ended</i>	
	<i>(Unaudited)</i> <i>30 September</i> <i>2019</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>30 September</i> <i>2018</i> <i>AED'000</i>
Total revenue	<u>18,667</u>	<u>49,217</u>
Total profit for the period	<u>8,505</u>	<u>6,614</u>
Group's share in profits, net	<u>4,244</u>	<u>3,643</u>

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>(Unaudited)</i> <i>30 September</i> <i>2019</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>AED'000</i>
Quoted	2,071	1,787
Unquoted	<u>40,670</u>	<u>21,081</u>
	<u>42,741</u>	<u>22,868</u>
In U.A.E.	<u>42,741</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 September 2019.

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

	<i>(Unaudited)</i> <i>30 September</i> <i>2019</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>AED'000</i>
Balance at the beginning of the period / year	22,868	23,878
Purchases during the period	19,589	-
Change in fair value	<u>284</u>	<u>(1,010)</u>
Closing balance at the beginning of the period / year	<u>42,741</u>	<u>22,868</u>

International Holdings Company PJSC

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

9 INVENTORIES

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Fish and fish products	33,749	34,701
Animal feed	59,927	-
Other material- packing and raw materials	<u>1,363</u>	<u>2,589</u>
	95,039	37,290
Less: allowance for slow moving inventories	(751)	(740)
Goods in transit	<u>-</u>	<u>563</u>
	<u>94,288</u>	<u>37,113</u>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> 30 September 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	1,514	404
Write off	<u>(1,503)</u>	<u>-</u>
Balance at the end of the period / year	<u>751</u>	<u>740</u>

10 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Cash on hand	407	258
Bank balances:		
Current and call accounts	110,553	22,855
Fixed deposits	108,706	270,437
Adjustment upon application of IFRS 9	<u>-</u>	<u>(54)</u>
Total cash and bank balances	<u>219,666</u>	<u>293,496</u>

International Holdings Company PJSC

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

11 SHARE CAPITAL

	<i>(Unaudited)</i> 30 September 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>1,821,429</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 September 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, an entity under common control, 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 September		<i>Nine months ended</i> 30 September	
	<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*	11	(1,370)	411	(1,086)
Investment income	1,119	1,959	9,173	9,970
Gain on acquisition of a subsidiary	-	-	-	2,482
Other income	<u>1,389</u>	<u>1,089</u>	<u>4,814</u>	<u>6,064</u>
	<u>2,519</u>	<u>1,678</u>	<u>14,398</u>	<u>17,430</u>

* Fair value of biological assets is determined by using a discounted cash flow model prepared internally by management using future cash flows and discount rate of 7%, which is based on historical pattern and general industry standards.

International Holdings Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2019 (Unaudited)

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.

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>(Unaudited)</i> 30 September 2019 <i>AED'000</i>	<i>(Audited)</i> 31 December 2018 <i>AED'000</i>
<i>Due from related parties (entities under common control)</i>		
Pal Technology Services L.L.C	35,088	34,393
RG Procurement RSC LTD	14,368	14,816
Paragon Mall L.L.C	6,813	749
Tafawuq Facility Management (Formerly Three60 Estate Management)	3,700	3,695
Zee Stores L.L.C	2,027	1,356
Hydra Development -LLC	1,133	-
3AM Property Investment Company LLC	1,322	-
Tamouh Investments Company L.L.C	879	162
Meena Holdings LLC	-	6,188
National Projects and Construction L.L.C	-	5,457
Others	4,038	1,353
Allowance for expected credit losses	<u>(1)</u>	<u>(842)</u>
	<u>69,367</u>	<u>67,327</u>
<i>Due to related parties (entities under common control):</i>		
Tamouh Investments Company L.L.C	12,624	-
RG Procurement RSC LTD	1,465	-
Al Jaraf Travel & Tourism LLC	512	230
Hi-tech concrete projects LLC	511	2,750
Royal Group Holding LLC	452	452
National Projects and Construction L.L.C	-	4,000
Others	<u>208</u>	<u>252</u>
	<u>15,772</u>	<u>7,684</u>

International Holdings Company PJSC

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

15 RELATED PARTY TRANSACTIONS continued

15.1 Transactions

During the period, the Group entered into the following transactions with related parties (entities under common control):

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
Sales of fish and fish products	<u>1,929</u>	<u>1,747</u>	<u>5,541</u>	<u>4,926</u>
Contracting revenue	<u>5,238</u>	<u>8,372</u>	<u>30,249</u>	<u>22,952</u>
District cooling revenue	<u>5,193</u>	<u>—</u>	<u>5,193</u>	<u>—</u>
Purchases	<u>203</u>	<u>—</u>	<u>977</u>	<u>—</u>
Cost of sales	<u>2,064</u>	<u>—</u>	<u>2,064</u>	<u>—</u>
General and administrative expenses	<u>2,485</u>	<u>—</u>	<u>2,485</u>	<u>—</u>

Key management personnel:

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>30 September</i>	<i>31 December</i>
	<i>2019</i>	<i>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</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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>
Salaries and employee benefits	2,879	2,709	9,410	8,657
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 consolidated statement of financial position.

International Holdings Company PJSC

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

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 30 September</i>		<i>Nine months ended 30 September</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>
Profit for the period (AED'000)	<u>16,573</u>	<u>2,091</u>	<u>26,267</u>	<u>18,804</u>
Weighted average number of shares (shares in '000)	<u>1,821,429</u>	<u>510,000</u>	<u>956,751</u>	<u>510,000</u>
Basic earnings per share for the period (AED)	<u>0.009</u>	<u>0.004</u>	<u>0.027</u>	<u>0.035</u>

17 CASH AND CASH EQUIVALENTS

	<i>(Unaudited) 30 September 2019</i>	<i>(Unaudited) 30 September 2018</i>
	<i>AED'000</i>	<i>AED'000</i>
Total bank balances and cash	219,666	316,330
Less: fixed deposits with a maturity of more than three months	<u>(56,795)</u>	<u>(92,448)</u>
	<u>162,871</u>	<u>223,882</u>

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

	<i>(Unaudited) 30 September 2019</i>	<i>(Unaudited) 30 September 2018</i>
	<i>AED'000</i>	<i>AED'000</i>
Recognition of right-of-use-asset	13,759	-
Recognition of lease liability	14,053	-
Recognition of payable to non-trading supplier	2,458	-

18 GOODWILL AND OTHER INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Concession rights</i>	<i>Customer relationship & trade name</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At 1 January 2019	-	-	-	-
Relating to business combinations (4.1 & 4.2)	1,035	80,000	8,514	89,549
Amortisation during the period	<u>-</u>	<u>(1,261)</u>	<u>(961)</u>	<u>(2,222)</u>
At 30 September 2019 (unaudited)	<u>1,035</u>	<u>78,739</u>	<u>7,553</u>	<u>87,327</u>

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19 CONTINGENT LIABILITIES AND COMMITMENTS

19.1 Contingent liabilities

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Letters of guarantee	<u>75,431</u>	<u>76,343</u>
Letters of credit	<u>27,480</u>	<u>26,392</u>

19.2 Commitments for capital expenditure

	<i>(Unaudited)</i> 30 September 2019 AED'000	<i>(Audited)</i> 31 December 2018 AED'000
Commitments for the purchase of property, plant and equipment	<u>65,193</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 nine months period ended 30 September 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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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 September 2019 (unaudited) AED'000	31 December 2018 (audited) AED'000				
Quoted equity investments – financial assets at fair value through other comprehensive income	2,071	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	40,670	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.

International Holdings Company PJSC

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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>Nine month period ended</i>		<i>Nine month period ended</i>		<i>Nine month period ended</i>		<i>Nine month period ended</i>		<i>Nine month period ended</i>		<i>Nine month period ended</i>		<i>Nine month period ended</i>	
	<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</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>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue	284,048	256,786	114,816	8,694	-	-	147,345	104,940	67,140	-	-	-	613,349	370,420
Cost of sales	(251,801)	(225,633)	(100,784)	(8,447)	-	-	(124,694)	(82,976)	(41,011)	-	-	-	(518,290)	(317,057)
Gross profit	32,247	31,153	14,032	247	-	-	22,651	21,963	26,129	-	-	-	95,059	53,363
S&D expenses	(24,077)	(21,499)	(3,957)	(735)	-	-	-	-	-	-	-	-	(28,034)	(22,234)
G&A expenses	(15,048)	(11,492)	(13,511)	(2,370)	-	-	(17,996)	(15,595)	(4,462)	-	(6,624)	(4,563)	(57,641)	(34,020)
Operating (loss) profit	(6,878)	(1,838)	(3,436)	(2,858)	-	-	4,655	6,368	21,667	-	(6,624)	(4,563)	9,384	(2,891)
Investment income	-	-	-	-	13,417	15,359	-	-	-	-	-	-	13,417	15,359
Other income /expense	72	(138)	5,641	3,204	-	92	4,961	4,394	45	-	(243)	-	10,476	7,552
Finance costs	-	-	(1,361)	(29)	-	-	-	-	(4,541)	-	-	-	(5,902)	(29)
(Loss) profit for the period	(6,806)	(1,976)	844	317	13,417	15,451	9,616	10,762	17,171	-	(6,867)	(4,563)	27,375	19,991
Depreciation & amortisation	982	372	2,437	1,057	-	-	1,820	969	7,581	-	-	-	12,820	2,398
EBITDA	(5,824)	(1,604)	3,281	1,374	13,417	15,451	11,436	11,731	24,752	-	(6,867)	(4,563)	40,195	22,389
	<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 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>		<i>2019</i>		<i>2019</i>		<i>2019</i>		<i>2019</i>		<i>2019</i>		<i>2019</i>	
	<i>December</i>		<i>December</i>		<i>December</i>		<i>December</i>		<i>December</i>		<i>December</i>		<i>December</i>	
	<i>2018</i>		<i>2018</i>		<i>2018</i>		<i>2018</i>		<i>2018</i>		<i>2018</i>		<i>2018</i>	
Segment assets	243,899	193,111	140,139	22,935	257,548	306,927	255,212	266,401	975,988	-	5,322	1,780	1,878,108	791,154
Equity	120,197	123,505	47,397	12,416	257,548	306,927	180,534	146,122	442,209	-	3,658	(2,671)	1,051,543	586,299
Segment liabilities	123,702	69,607	92,742	10,519	-	-	74,678	120,279	533,779	-	1,664	4,450	826,565	204,855

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23 NEW ACQUISITIONS

On 18 September 2019, the Group's Board of Directors resolved to approve the acquisition of the following entities:

- (i) Shuaa Securities LLC
- (ii) Al Ajban Poultry LLC
- (iii) Zee Stores LLC
- (iv) Cine Royal Cinema LLC
- (v) Palms Sports LLC
- (vi) Trust International Group LLC

Further, on 30 September 2019, the Group's Board of Directors resolved to approve the acquisition of 60% share capital of Munnangi Seafoods Private Limited.

The above-mentioned acquisitions are expected to be completed during the fourth quarter of 2019.