INTERNATIONAL HOLDINGS COMPANY P.J.S.C.

Reports and consolidated financial statements for the year ended 31 December 2018

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Directors' Report
for the year ended 31 December 2018

Dear Shareholders,

It is our pleasure to present the Directors' report of International Holdings Company P.J.S.C. ("the Company") and its Subsidiaries ("the Group") for the year 2018, along with the audited consolidated financial statements as at 31 December 2018.

Financial and Operating Results

The Group achieved revenue of AED 570.2 million during the year 2018 against AED 421.1 million during the year 2017.

The results of the year show net profit (attributed to parent company) of AED 18.5 million compared to AED 29.4 million in 2017.

Analysis of the financial results is as follows:

- Selling and distribution expenses amounted to AED 31.5 million compared to AED 24.7 million in 2017.
- General and administrative expenses amounted to AED 57.6 million compared to AED 48.5 million in 2017.
- Investment income amounted to AED 18.4 million compared to AED 17.5 million in 2017.
- The profit of the Group for the year amounted to AED 20.2 million compared to AED 31.7 million in 2017.

The management confirms its commitment to support and enhance the core activities of the Group to attain continuous growth.

Corporate Social Responsibility, Exhibitions, Awards and Other Activities during the year 2018

- **Sponsorship and Donations**

The Group has not made social contributions in 2018 (2017: AED 76 thousand) to charities registered in the United Arab Emirates.

- **Financial Reporting**

The consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs), which fairly present its financial position, the result of its operations, cash flows and changes in equity.

Appropriate accounting policies have been consistently applied except for the initial application of IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* as disclosed in Note 2 to the consolidated financial statements and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the Group's ability to continue as a going concern.

Directors' Report (continued)
for the year ended 31 December 2018

- **Vote of Thanks**

The Board of Directors of International Holdings Company P.J.S.C. would like to take this opportunity to thank those charged with governance, shareholders, investors, bankers and employees for their continuous commitment, co-operation, confidence and support in achieving the Group's objectives.

On behalf of the Board of Directors

Chairman
12 March 2019

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
International Holdings Company P.J.S.C.
United Arab Emirates

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of **International Holdings Company P.J.S.C. ("the Company") and its subsidiaries (together "the Group")**, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Akbar Ahmad (1141), Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Jallad (1164), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem M. Dajani (726), Obada Alkowatly (1056), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practicing auditors with the UAE Ministry of Economy.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters.</th></tr>
<tr><td> Allowance for slow moving inventories
As disclosed in notes 3.11 and 4.2.2 to the consolidated financial statements, inventories are required to be carried at the lower of cost or net realisable value. The nature of the items held and ageing of the inventory could result in an increased allowance.
An assessment of the net realisable value of inventory is carried out at each reporting period which is dependent upon Management's estimates which involves significant judgements. Accordingly, a change in the management's estimates can have a material impact on the carrying value of inventories in the Group's consolidated financial statements. </td>
<td> Our procedures in respect of allowance for slow moving items included:

Challenged the reasonableness of key assumptions used in estimating the allowance for slow moving items based on our knowledge of the industry and using historical stock movement of fish and related products and operational performance.
Obtained the net realisable value calculations, agreeing stock quantities of fish and related inventories in those calculations to the accounting records, and tested prices by reference to externally available data in the market.
Assessed the reasonableness of methods and assumptions used to develop the allowance for slow moving items which included comparing management's calculations for consistency against those used in the prior year.
Tested the reliability of the underlying data used by management to calculate the allowance for slow moving inventories which included the analysis of aged inventory, by re-performing the ageing calculation.
Tested the accuracy of the resultant calculation by assessing the calculation criteria and recalculating the allowance for a sample of items.
</td></tr>
</table>

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INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

Key audit matters	How our audit addressed the key audit matters.
Application of IFRS 9 Financial Instruments The Group adopted IFRS 9 *Financial Instruments* ("IFRS 9") with effect from 1 January 2018. IFRS 9 supersedes the requirements of IAS 39 *Financial Instruments – Recognition and Measurement.* IFRS 9 addresses the classification, measurement and hedge accounting for financial instruments at amortised cost. IFRS 9 introduces new impairment model for financial assets and contract assets. Management has determined that the most significant impact of the new standard on the Group's consolidated financial statements relates to the expected credit loss ("ECL") for impairment of trade receivables and contract assets. As at 31 December 2018, the carrying value of trade receivables and contract assets from customers amounted to AED 107,293 thousand and AED 36,927 thousand, respectively (Note 12). ECL computed for trade receivables and contract assets from customers amounted to AED 14,411 thousand and AED 7,165, respectively (Note 12). The Group assesses at each reporting date whether the financial assets carried at amortised cost are credit-impaired. Management has applied simplified approach for measurement of ECL for trade receivables. The ECL model involves use of various assumptions, macro-economic factors and study of historical trends relating to the Group's trade collections experience. We consider this a key audit matter due to the judgments and estimates involved in the application of the expected credit loss model. Refer to note 2.1 which explains the impact application of IFRS 9, Note 3 for accounting policy and Note 12 for related disclosures in the accompanying consolidated financial statements.	We performed the following procedures in relation to the application of IFRS 9: • reviewed management's assessment of the application of IFRS 9 in terms of the classification and measurement of financial assets and liabilities, and understood the approach taken towards implementation. We specifically considered the validity of management's conclusion that the main area of impact was in respect of impairment of trade receivables and other receivables, using our experience and knowledge of similar entities; • compared the ECL model developed by management to that required by IFRS 9 and reviewed the reasonableness of the methodology in comparison to accepted best practice. We also tested the arithmetical accuracy of the model; • tested key assumptions, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to historical data. We also considered the incorporation of forward looking factors to reflect the impact of future events on expected credit losses; • involved our internal subject matter specialist to review the methodology used in the ECL model and compared this against the accepted practices. We have also assessed the appropriateness of the disclosures provided in Note 2, Note 3 and Note 12 to the consolidated financial statements.

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INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters.</th></tr>
<tr><td>Revenue recognition on construction contracts

As disclosed in notes 3.5 and 21 to the consolidated financial statements, the Group enters into construction contracts with customers. Revenue from these contracts is recognised over time as performance obligations are fulfilled as services are performed.

The status of contracts is updated on a regular basis. In doing so, management is required to exercise significant judgement in their assessment of the valuation of contract variations, claims and liquidated damages; the completeness and accuracy of forecast costs to complete; and the ability to deliver contracts within forecast timescales.

The potential final contract outcomes can cover a wide range. Dependent on the level of judgement in each, the range on each contract can be individually material. In addition, changes in these judgements, and the related estimates, as contracts progress can result in material adjustments to revenue and profit margin, which can be both positive or negative.</td><td>Our work on the recognition of contract revenue, margin and related receivables and liabilities included, but not limited to:
• Selected sample of contracts and determined performance obligations associated with each construction contract and assessing whether revenue recognition policy of the Group is in line with how control over the contract asset is transferred to the customer;
• An assessment of cost to cost method by reviewing the basis of the calculation, which included supplier quotes, forecast estimates and supplier contracts and challenging management where there are differences to identify forecast errors in the estimated costs, including inappropriate assumptions based on historical performance and industry knowledge, to ensure complete recognition of expected losses as and when they arise;
• Selected a sample of contracts in order to challenge both current and future financial performance, challenging management's key judgements inherent in the forecast costs to complete that drive the accounting under the cost to cost method, including the following procedures:
- a review of the contract terms and conditions through review of contract documentation;
- tested the existence and valuation of claims and variations via inspection of correspondence with customers, project teams and the supply chain;
- an assessment of the forecasts through discussion with the Group's finance, commercial and operational management; and
- an assessment of the ability to deliver contracts within budgeted timescales and any exposures to liquidated damages for late delivery of contract works.
• Reviewed the post-yearend contract performance to support year end judgements.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT (continued)

Other Information

The Board of Directors and Management are responsible for the other information. The other information comprises the Directors' report and the annual report of the Group. We obtained the Directors' report prior to the date of this auditor's report and the remaining information of the annual report is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee and Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITOR'S REPORT (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the UAE Federal Law No. (2) of 2015, we report that:

- We have obtained all the information we considered necessary for the purposes of our audit;
- The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;
- The Company has maintained proper books of account;
- The financial information included in the report of the Directors' report is consistent with the books of account of the Group;
- Notes 3.3, 7, 8 and 27 to the consolidated financial statements of the Group disclose purchases or investment in shares during the financial year ended 31 December 2018;
- Note 11 to the consolidated financial statements discloses material related party transactions and balances and the terms under which they were conducted;
- Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has, during the financial year ended 31 December 2018, contravened any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2018; and
- Note 29 to the consolidated financial statements discloses the social contributions made during the year ended 31 December 2018.

Deloitte & Touche (M.E.)

Mohammad Khamees Al Tah
Registration Number 717
12 March 2019
Abu Dhabi,
United Arab Emirates

Consolidated statement of financial position
as at 31 December 2018

	Notes	2018 AED'000	2017 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	68,624	12,119
Investment properties	6	98,180	98,593
Investment in associates and joint ventures	7	12,928	8,815
Financial assets at fair value through other comprehensive income	8	22,868	12,936
Loan to a related party	11	1,200	-
Total non-current assets		203,800	132,463
Current assets			
Inventories	9	37,113	21,347
Biological assets	10	1,504	4,363
Due from related parties	11	67,327	56,824
Trade and other receivables	12	187,914	163,537
Cash and bank balances	13	293,496	293,649
Total current assets		587,354	539,720
Total assets		791,154	672,183
EQUITY AND LIABILITIES			
Equity			
Share capital	14	510,000	510,000
Statutory reserve	15	12,820	10,975
Cumulative changes on revaluation of investments		7,668	(2,264)
Currency translation reserve		(102)	-
Retained earnings		46,644	35,162
Equity attributable to owners of the Company		577,030	553,873
Non-controlling interests		9,269	6,251
Total equity		586,299	560,124
Non-current liabilities			
Provision for employees' end of service indemnity	16	16,900	15,664
Loan from a related party	18	-	1,705
Bank borrowings	19	25,144	-
Total non-current liabilities		42,044	17,369
Current liabilities			
Due to related parties	11	7,684	2,692
Loan from a related party	18	3,145	4,320
Obligations under finance leases	17	-	496
Bank borrowings	19	3,500	1,105
Trade and other payables	20	148,482	86,077
Total current liabilities		162,811	94,690
Total liabilities		204,855	112,059
Total equity and liabilities		791,154	672,183

Chief Financial Officer

Chief Executive Officer

Director

Chairman

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

Consolidated statement of profit or loss for the year ended 31 December 2018

	Notes	2018 AED'000	2017 AED'000
Revenue	21	570,241	421,139
Cost of revenue	22	(490,914)	(343,382)
Gross profit		79,327	77,757
General and administrative expenses	23	(57,618)	(48,548)
Selling and distribution expenses	24	(31,461)	(24,737)
Investment income	25	18,358	17,544
Change in fair value of biological assets	10	(535)	213
Other income	26	12,114	10,157
Finance costs		-	(655)
Profit for the year		20,185	31,731
Attributable to:			
Owners of the Company		18,451	29,351
Non-controlling interests		1,734	2,380
Profit for the year		20,185	31,731
Basic earnings per share (AED)	28	0.04	0.06

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018

	Note	2018 AED'000	2017 AED'000
Profit for the year		**20,185**	31,731
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange difference on translation of foreign operations		**(146)**	-
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at FVTOCI	**8**	**(1,010)**	(2,351)
Total other comprehensive loss		**(1,156)**	(2,351)
Total comprehensive income for the year		**19,029**	29,380
Attributable to:			
Owners of the Company		**17,339**	27,000
Non-controlling interests		**1,690**	2,380
Total comprehensive income for the year		**19,029**	29,380

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

Consolidated statement of changes in equity for the year ended 31 December 2018

	Share capital AED'000	Statutory reserve AED'000	Cumulative changes on revaluation of investments AED'000	Foreign exchange translation reserve AED'000	Retained earnings/ (accumulated losses) AED'000	Equity attributable to owners of the Company AED'000	Non-controlling interests AED'000	Total AED'000
Balance at 31 December 2016	510,000	8,040	87	-	8,346	526,473	4,271	530,744
Profit for the year	-	-	-	-	29,351	29,351	2,380	31,731
Other comprehensive loss for the year	-	-	(2,351)	-	-	(2,351)	-	(2,351)
Total comprehensive income for the year	-	-	(2,351)	-	29,351	27,000	2,380	29,380
Transfer to statutory reserve	-	2,935	-	-	(2,935)	-	-	-
Additional controlling interests arising on acquisition of shares (Note 3.3)	-	-	-	-	400	400	(400)	-
Balance at 31 December 2017 *(as previously reported)*	510,000	10,975	(2,264)	-	35,162	553,873	6,251	560,124
Cumulative effect of first time adoption of IFRS 9	-	-	10,942	-	(5,169)	5,773	(497)	5,276
Balance at 1 January 2018 (*as restated*)	510,000	10,975	8,678	-	29,993	559,646	5,754	565,400
Profit for the year	-	-	-	-	18,451	18,451	1,734	20,185
Other comprehensive loss for the year	-	-	(1,010)	(102)	-	(1,112)	(44)	(1,156)
Total comprehensive income for the year	-	-	(1,010)	(102)	18,451	17,339	1,690	19,029
Transfer to statutory reserve	-	1,845	-	-	(1,845)	-	-	-
Dividends (Note 35)	-	-	-	-	-	-	(4,000)	(4,000)
Disposal of partial interest in a subsidiary (Note 3.3)	-	-	-	-	45	45	5,825	5,870
Balance at 31 December 2018	**510,000**	**12,820**	**7,668**	**(102)**	**46,644**	**577,030**	**9,269**	**586,299**

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

Consolidated statement of cash flows
for the year ended 31 December 2018

	2018 AED'000	2017 AED'000
Cash flows from operating activities		
Profit for the year	**20,185**	31,731
Adjustments for:		
Depreciation of property, plant and equipment	**2,858**	3,955
Gain on disposal of property, plant and equipment	**(640)**	(433)
Depreciation of investment property	**413**	382
Share of profit from associates and joint ventures	**(7,062)**	(11,420)
Change in fair value of biological assets	**535**	(213)
Provision for employees' end of service indemnity	**2,882**	2,810
Gain on sale of available-for-sale investments under IAS 39	**-**	(410)
Allowance for slow moving inventories	**404**	13
Impairment/(reversals) losses on financial assets	**(2,311)**	1,310
Impairment losses on contract assets from customers	**-**	1,988
Interest and dividends income	**(11,296)**	(6,124)
Gain on acquisition of a subsidiary	**(2,490)**	-
Finance costs	**-**	655
Operating cash flows before changes in operating assets and liabilities	**3,478**	24,244
(Increase)/decrease in inventories	**(16,296)**	6,586
Decrease in biological assets	**2,324**	6,557
Increase in due from related parties	**(10,588)**	(2,510)
Increase in trade and other receivables	**(25,913)**	(26,378)
Increase/(decrease) in due to related parties	**4,992**	(214)
Increase in trade and other payables	**61,390**	18,739
Cash generated from operations	**19,387**	27,024
Employees' end of service indemnity paid	**(1,646)**	(2,083)
Finance costs paid	**-**	(655)
Net cash generated from operating activities	**17,741**	24,286
Cash flows from investing activities		
Increase in fixed deposits with a maturity of more than three months	**(83,764)**	(17,085)
Purchase of property, plant and equipment	**(52,583)**	(5,985)
Proceeds from disposal of property, plant and equipment	**1,190**	559
Acquisition of a subsidiary	**(3,648)**	-
Purchase of investment in associates	**(3,486)**	-
Dividend received from associates and joint ventures	**6,435**	11,749
Purchases of investment properties	**-**	(612)
Loan provided to related party	**(1,200)**	-
Interest and dividends received	**9,511**	5,826
Net cash used in investing activities	**(127,545)**	(5,548)

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

Consolidated statement of cash flows (continued)
for the year ended 31 December 2018

	2018 AED'000	2017 AED'000
Cash flows from financing activities		
Proceeds from bank borrowings	27,539	1,105
Repayment of loan from a related party	(2,880)	(1,440)
Dividend paid to non-controlling interest	(4,000)	-
Net movement in non-controlling interest	5,870	-
Net decrease in obligations under finance leases	(496)	(608)
Net cash from/(used in) financing activities	26,033	(943)
Net (decrease)/increase in cash and cash equivalents	(83,771)	17,795
Cash and cash equivalents at the beginning of the year	175,689	157,894
Effect of foreign exchange rate changes	(146)	-
Cash and cash equivalents at the end of the year (Note 13)	91,772	175,689
Non cash transactions:		
Purchase of available-for-sale investments	-	4,410
Disposal of available-for-sale investments	-	4,000

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

Notes to the consolidated financial statements
for the year ended 31 December 2018

1 General information

International Holdings Company P.J.S.C. 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 P.J.S.C. ("the Company") and its subsidiaries ("the Group") (Note 3).

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

The main activities of the Group are establishments' 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 Shareholders in their Annual General Assembly Meeting held on 17 April 2017 approved to change the Company's name from International Fish Farming Holding Company (PSC) - ASMAK to International Holdings Company P.J.S.C.

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2018, have been adopted in these consolidated financial statements.

The Group applies, for the first time, IFRS 9 *Financial Instruments* (as revised in July 2014) and IFRS 15 *Revenue from contracts with customers* and the related consequential amendments to other IFRS Standards that are effective for annual period that begins on or after 1 January 2018. The impact of the initial application of these standards is disclosed as below.

In the current year, the Group has also applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2018 as below:

- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IFRS 4 (amendments) Forthcoming New Insurance Contracts Standard
- IAS 40 (amendments) Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle amending IFRS 1 and IAS 28
- Amendments to IAS 28 Investments in Associates and Joint Ventures
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

<u>Impact of initial application of IFRS 9 *Financial Instruments*</u>

In the current year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2018. Transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that were applied to the disclosures about 2018.

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

Impact of initial application of IFRS 9 *Financial Instruments*

Details of these IFRS 9 new requirements as well as their impact on the Group's financial statements are described below.

a. Classification and measurement

The Group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The management of the Group reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments are accumulated in the investment revaluation reserve;
- there will be no change in the measurement of the Company's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
- financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

b. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on due from related parties (Note 11), trade and other receivables (Note 12) and cash and bank balances (Note 13).

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

Impact of initial application of IFRS 9 *Financial Instruments*

b. Impairment of financial assets (continued)

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Group has elected not to restate comparatives, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognised on the date of initial application of IFRS 9 (i.e. 1 January 2018), the management has compared the credit risk of the respective financial instruments on the date of their initial recognition to their credit risk as at 1 January 2018.

c. Classification and measurement of financial liabilities

The application of IFRS 9 has had no material impact on the classification and measurement of the Group's financial liabilities.

d. Disclosures in relation to initial application of IFRS 9

The result of the assessment is as follows:

Items existing as at 1 January 2018 that are subject to the impairment provisions of IFRS 9	Credit risk attributes at January 2018	Cumulative additional loss allowance recognised on 1 January 2018 and corresponding impact on equity
Cash and bank balances (note 13)	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.	(54)
Due from related parties (note 11)	The Group applies the simplified approach and recognises lifetime ECL for these assets.	(85)
Trade and other receivables (note 12)	The Group applies the simplified approach and recognises lifetime ECL for these assets.	(5,527)
Financial assets at fair value through other comprehensive income (note 8)	The Group has applied Discounted Cash Flow (DCF) Model to assess fair value of these financial assets.	10,942
		5,276

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

d. Disclosures in relation to initial application of IFRS 9 (continued)

Below note tabulates the change in classification and the related adjustments arising from such reclassifications and re-measurement of the Group's financial assets upon initial application of IFRS 9 as of 1 January 2018.

	Financial assets	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amount under IAS 39	Re measurements other than ECL	Additional loss allowance recognised under IFRS 9	New carrying amount under IFRS 9
1.	Trade receivables and other receivables	Loans and receivables	Financial assets at amortised cost	163,537	-	(5,527)	**158,010**
2.	Due from related parties	Loans and receivables	Financial assets at amortised cost	56,824	-	(85)	**56,739**
3.	Cash and bank balances	Loans and receivables	Financial assets at amortised cost	293,649	-	(54)	**293,595**
4.	Investments in equity instruments	Available-for-sale investments	Financial assets at FVTOCI	12,936	10,942	-	**23,878**
5.	Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	86,077	-	-	**86,077**

e. General hedge accounting

The Group does not have any hedges and hence this is not applicable.

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.1 New and revised IFRSs effective for accounting periods beginning on or after 1 January 2018 (continued)

Amendments to IFRS 15 *Revenue from Contracts with Customers*

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is mandatorily effective for an accounting period that begins on or after 1 January 2018. Details of the new requirements as well as their impact on the Group's financial statements are described below.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

IFRS 15 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has adopted the terminology used in IFRS 15 to describe such balances.

The application of the amendments in IFRS 15 had no impact on the financial position and/or financial performance of the Group.

2.2 New and revised IFRS in issue but not yet effective

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 16 *Leases*	1 January 2019

General impact of application of IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019.

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether the existing contracts contains lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 January 2019

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1January 2019 (whether it is a lessor or a lessee in the lease contract).

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs (continued)	Effective for annual periods beginning on or after
Impact on Lessee Accounting	1 January 2019

Operating leases

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, as off-balance sheet items.

On initial application of IFRS 16, for all leases the Group will:

a. Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position;
b. Estimate the incremental borrowing rate and use it to determine the present value of the future lease payments;
c. Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
d. Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest expense (presented within operating activities) in the statement of cash flow.

For short-term leases and leases of low-value assets, the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

The Group plans to apply modified retrospective approach upon adoption of IFRS 16.

Management has carried out an initial assessment of the impact of IFRS 16 based on certain practical expedients for certain leasing arrangements as of 31 December 2018 which are expected to continue as at 1 January 2019. It is anticipated that the Group will need to recognise right-of-use assets of AED 14,084 thousand and obligation under finance lease of AED 13,808 thousand. The resulting difference of AED 276 thousand will be directly adjusted against opening retained earnings at the initial application date.

The impact analysis above is provisional and may be subject to adjustments once management completes its review.

Annual Improvements to IFRSs 2015–2017 Cycle amending IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing costs*.	1 January 2019
IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments in IFRS 9 *Financial Instruments* relating to prepayment features with negative compensation.	1 January 2019

2 Adoption of new and revised International Financial Reporting Standards ("IFRS") (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs (continued)	Effective for annual periods beginning on or after
Amendment to IAS 19 *Employee Benefits* relating to amendment, curtailment or settlement of a defined benefit plan	1 January 2019
Amendments in IAS 28 *Investments in Associates and Joint Ventures* relating to long-term interests in associates and joint ventures.	1 January 2019
Amendments to References to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework	1 January 2020
Amendment to IFRS 3 *Business Combinations* relating to definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 relating to definition of material	1 January 2020
IFRS 17 *Insurance Contracts*	1 January 2021
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 16 as highlighted in previous paragraphs, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and applicable requirements of the UAE Federal Law No. (2) of 2015 and the Company's articles of association.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair value or amortised cost as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3 Significant accounting policies (continued)

3.2 Basis of preparation (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the assets or liability.

The Group presents its consolidated statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

The amounts in the consolidated financial statements are rounded to nearest thousand ("AED'000") except when otherwise indicated.

The principal accounting policies are set out below.

3.3 Basis of consolidation

The consolidated financial statements of International Holdings Company P.J.S.C. (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.

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.

3 Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

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 year are included in the consolidated income statement and consolidated statement of other comprehensive income 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. 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.

Changes in the Group's ownership interests in existing subsidiaries:

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.

3 Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Details of the Company's subsidiaries as at 31 December 2018 and 2017 were as follows:

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2018	2017
Alliance Foods Company LLC	United Arab Emirates	Trading, processing and packing of seafood products.	**100%**	100%
Alliance Food Security Holdings L.L.C.	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.	**70%**	100%
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 Investment 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%

3 Significant accounting policies (continued)

3.3 Basis of consolidation (continued)

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2018	2017
Alliance Food Security Holdings USA	United States of America	Animal feed trading	**100%**	100%
Forrajes San Mateo, S.LU.	Spain	Trading and production of animal feed	**70%**	-
Asmak Holding Company Limited	United Arab Emirates	Holding companies and investment in commercial enterprises and management	**100%**	-

In 2017, Alliance Food Security Holdings USA was incorporated as a fully owned subsidiary of the Group. This subsidiary is non-operating as of 31 December 2018.

During the current year, the Alliance Food Security Holdings acquired 100% interest in a new subsidiary "Forrajes San Mateo, S.L.U" for a total consideration of EUR 1,065,000 (AED 4,830,222). Out of the total consideration, the Group has paid EUR 800,000 (AED 3,648,000) and the balance consideration of EUR 265,000 (AED 1,182,222) is payable in 2019. The Group appointed an independent valuer for the purchase price allocation related to the acquisition. The fair value of identifiable net assets was AED 7,319,536 and the Group recognised gain on acquisition amounting to AED 2,489,313.

During the current year, the Group disposed of 30% of its interest in Alliance Food Security Holdings LLC, reducing its controlling interest to 70% for a consideration amounting to AED 5,869,967. An amount of AED 5,824,942 (being the proportionate share of the carrying amount of the net assets of the subsidiary) has been transferred to non-controlling interest. The difference of AED 45,025 between the increase in the non-controlling interest and the consideration received has been credited to retained earnings.

During the current year, Asmak Holding Company Limited was incorporated as a wholly owned subsidiary of the Group. This subsidiary is non-operating as of 31 December 2018.

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

3 Significant accounting policies (continued)

3.4 Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3 Significant accounting policies (continued)

3.5 Revenue recognition

Revenue is measured at an amount that reflects the considerations, to which an entity expects to be entitled in exchange for transferring goods or services to customer, excluding amounts collected on behalf of third parties. Revenue is reduced for estimated customer returns, rebates, discounts and other similar allowances. Revenue is recognised only when the Group has transferred control over goods or services to its customers.

The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a standalone basis.

3.5.1 Upon adoption of IFRS 15 – applicable from 1 January 2018

3.5.1.1 Sale of goods

The Group sells fish and fish products to customers. Revenue from sale of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

3.5.1.2 Construction contracts

The Group provides construction with services with customers. Such contracts are entered into before rendering of services begins. Under the terms of the contracts, the Group is contractually restricted from reducing the structure under construction to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time on a cost to cost method based the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15 *Revenue from Contracts with Customers*.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs are recognised as expenses in the period in which they are incurred. When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of contracts include all direct costs of labour, materials, depreciation of property and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

The gross amount of contract assets from customers classified under trade and other receivables, is the net amount of costs incurred plus recognised profits; less recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

3 Significant accounting policies (continued)

3.5 Revenue recognition (continued)

3.5.1.2 Construction contracts (continued)

The gross amount contract liabilities to customers classified under accounts payable, is the net amount of costs incurred plus recognised profits less recognised losses and less progress billings, for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

3.5.1.3 Rental income

The Group enters into operating leases for its investment property. Rental income from such operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.5.1.4 Services

Revenue relating to services is recognised over time. The transaction price is straight lined over the period of service.

3.5.1.5 Dividend income

Dividend income is recognised in profit or loss when the Group's right to receive the dividends is established.

3.5.1.6 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.5.2 Revenue recognition under IAS 18 - applicable before 1 January 2018

3.5.2.1 Sale of goods

Revenue from sale of goods is recognised when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

3 Significant accounting policies (continued)

3.5 Revenue recognition (continued)

3.5.2 Revenue recognition under IAS 18 - applicable before 1 January 2018 (continued)

3.5.2.2 Construction contracts

Where the outcome of a construction/maintenance contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs included for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction/maintenance contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of contracts include all direct costs of labour, materials, depreciation of property and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

3.5.2.3 Rental income

The Group enters into operating leases for its investment property. Rental income from such operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3 Significant accounting policies (continued)

3.5 Revenue recognition (continued)

3.5.2 Revenue recognition under IAS 18 - applicable before 1 January 2018 (continued)

3.5.2.4 Services

Revenue from services is accrued and recognised as the services are rendered. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group.

3.5.2.5 Dividend income

Dividend income is recognised in profit or loss when the Group's right to receive the dividends is established.

3.5.2.6 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.6.1 The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.6.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Leases payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3 Significant accounting policies (continued)

3.7 Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for foreign operations.

3.8 Property, plant and equipment

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost of assets, other than capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

The useful lives considered in the calculation of depreciation for the assets are as follows:

	Years
Fish farming assets	5 - 12
Buildings and leasehold improvements	5 - 33
Plant and equipment	3 - 5
Furniture, fixtures and office equipment	3 - 5
Motor vehicles	4 - 5
Marine vessels	10 - 25

3 Significant accounting policies (continued)

3.9 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are stated at cost less accumulated depreciation at the reporting date. Depreciation is provided on the straight-line method based on the anticipated useful life or term of the lease whichever is earlier.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Depreciation is charged so as to write off the cost of a property over its estimated useful life of 8 years, using straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.10 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in associates and joint ventures is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates and joint ventures. When the Group's share of losses of associates and joint ventures exceeds the Group's interest in that associates and joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the associates and joint ventures), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and joint ventures.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates and joint ventures recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated income statement in the period in which the investment is acquired.

3 Significant accounting policies (continued)

3.10 Investment associates and joint ventures (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains its interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group's entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint ventures are recognised in the Group's consolidated financial statements only to the extent of interests in the associates or joint venture that are not related to the Group.

3 Significant accounting policies (continued)

3.11 Inventories

3.11.1 Fish and fish products

Fish and fish products are stated at lower of cost or net realisable value, cost is determined using the first-in, first-out (FIFO) basis. Cost includes purchase cost, freight, insurance and other related expenses incurred in bringing the goods to their present condition and location. Net realisable value is based on the normal selling price, less cost expected to be incurred in marketing, selling and distribution. Allowance is made when necessary for obsolete, slow-moving and damaged items.

3.11.2 Packing and raw materials

Packing and raw materials are stated at the lower of weighted average cost and net realisable value. Cost includes all costs incurred in bringing inventory to its present condition and location. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

3.12 Biological assets

Biological assets are measured on initial recognition and at end of each reporting period at fair value less estimated costs to sell. The fair values are determined based on current market prices of similar type of assets. Costs to sell include commission to brokers and dealers.

A gain or loss on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of biological assets shall be included in profit or loss in the period in which it arises.

3.13 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3 Significant accounting policies (continued)

3.13 Impairment of tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Employee benefits

3.14.1 Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

3.14.2 Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service indemnity due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period. Provisions for employees' end of service benefit due to employees working with entities domiciled in other countries are made in accordance with local laws and regulations applicable.

The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, (where the effect of time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3 Significant accounting policies (continued)

3.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when the assets are ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit or loss in the year in which they are incurred.

3.17 Financial instruments

Policy applicable from 1 January 2018

Financial assets and financial liabilities are recognised in the Group's consolidated statements of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities held for trading are recognised immediately in profit or loss.

3.18 Financial assets

3.18.1 Upon adoption of IFRS 9 – applicable from 1 January 2018

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

(i) Debt instruments designated at amortised cost

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

(ii) Financial assets at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Impairment of financial assets

The Group always recognises lifetime ECL for trade and receivables, due from related parties and cash and bank balances. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

The Group considers an event of default if the debtor is unlikely to pay its credit obligation in full, without recourse by the Group to actions such as realizing security (if held).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3.18.2 Policy under IAS 39 –applicable before 1 January 2018

The Group has the following financial assets: cash and cash equivalents, trade and other receivables (excluding advances and prepayments), due from related parties and available-for-sale investments. These financial assets are classified as 'cash and cash equivalents', 'loans and receivables' and 'investments in securities classified as available-for-sale (AFS)'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.18.2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

3.18.2.2 Loans and receivables

Trade and other receivables and due from related parties that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective rate of interest, except for short term receivables or when the recognition of interest would be immaterial.

3.18.2.3 Available for sale investments (AFS)

Listed shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value. The Group also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and stated at cost because management considers that fair value cannot be reliably measured. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the cumulative changes in fair valuation of investments with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the cumulative changes in fair valuation is reclassified to profit or loss.

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

3.18.2.3 Available for sale investments (AFS) (continued)

Dividends on AFS investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS investments denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

3.18.2.4 Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For listed and unlisted equity investments classified as AFS investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

3 Significant accounting policies (continued)

3.18 Financial assets (continued)

3.18.2.4 Impairment of financial assets (continued)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3.18.2.5 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3.19 Financial liabilities and equity instruments

3.19.1 Upon adoption of IFRS 9 – applicable from 1 January 2018

3.19.1.1Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.1.2Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.19.1.3Financial liabilities

Trade and other payables, bank borrowings, obligations under finance leases, loan from a related part and due to related parties are classified as 'financial liabilities' are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

3 Significant accounting policies (continued)

3.19 Financial liabilities and equity instruments (continued)

3.19.1.3Financial liabilities (continued)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.19.1.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.19.2 Policy under IAS 39 – applicable before 1 January 2018

3.19.2.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.2.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.19.2.3 Financial liabilities

Trade and other payables, due to related parties, bank borrowings, loan from a related party and obligations under finance leases are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount in initial recognition.

3.19.2.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see 4.2 below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Revenue recognition

4.1.1.1 applicable from 1 January 2018

Management considers recognising revenue over time, if one of the following criteria is met, otherwise revenue will be recognised at a point in time:

a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c) the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

As further described in note 3, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it performs service to a customer. Revenue from construction is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The Group consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in IFRS 15: *Revenue from contracts with customers*, and in particular whether the Group had transferred control of the goods to the customers. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that control has been transferred upon acceptance of delivery and the recognition of the revenue is appropriate.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgements in applying accounting policies (continued)

4.1.1 Revenue recognition (continued)

4.1.1.1 applicable from 1 January 2018 (continued)

Contract variations are recognised as revenues only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management considers prior experience, application of contract terms and the relationship with the customers in making their judgement.

Contract claims are recognised as revenue only when management believes that only to the extent that it is probable that they will not result in a significant reversal of revenue in subsequent periods. Management reviews the judgment related to these contract claims periodically and adjustments are made in the future periods, if assessments indicate that such adjustments are appropriate.

4.1.1.2 applicable before 1 January 2018

The Group uses the percentage-of-completion method in accounting for its ongoing contract services. Use of percentage-of-completion method requires the Group to estimate the proportion of work performed to date (based on the project managers' judgment) which management considers provides the most appropriate measures of percentage-of-completion.

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity on the end of the reporting period. In judging whether the outcome of the construction contract can be estimated reliably, management has considered the detailed criterion for determination of such outcome as set out in IAS 11 - *Construction Contracts*. For the purpose of estimating the stage of completion of contract activity, management has considered the contracted revenue and forecasted cost related to the construction contract.

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in International Accounting Standard 18: *Revenue*, and in particular whether the Group had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.1 Critical judgements in applying accounting policies (continued)

4.1.2 Classification of properties

In the process of classifying properties, management has made various judgments. Judgments are needed to determine whether a property qualifies as an investment property, property, plant and equipment, property under development and/or property held for sale. Management develops criteria so that it can exercise that judgment consistently in accordance with the definitions of investment property, property, plant and equipment, property under development and property held for sale. In making its judgment, management has considered the detailed criteria and related guidance set out in IAS 2 – *Inventories*, IAS 16 – *Property, Plant and Equipment*, and IAS 40 – *Investment Property*, with regards to the intended use of the property.

4.1.3 Upon adoption of IFRS 9 – applicable from 1 January 2018

4.1.3.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

4.1.3.2 Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

4.1.4 Financial instruments under IAS 39, applicable before 1 January 2018

4.1.4.1 Classification of investment in securities

Management designates at the time of acquisition of securities whether these should be classified as at available-for-sale (AFS), held for trading or amortised cost. In judging whether investments in securities are as at AFS, held for trading or amortised cost, Management has considered the detailed criteria for determination of such classification as set out in IAS 39 "*Financial Instruments: Recognition and Measurement*". Management is satisfied that its investments in securities are appropriately classified.

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

4.2.1 Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Management is satisfied that no additional impairment is required on its trade receivables, contract assets from customers and other receivables in excess of amount already provided.

4.2.2 Allowance for slow moving inventories

Raw materials are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

4.2.3 Useful lives of property, plant and equipment and investment properties

The Group determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation or amortisation charge would be adjusted where management believes that the useful lives differ from current estimates.

4.2.4 Valuation of unquoted equity investments

4.2.4.1 applicable from 1 January 2018

Valuation of unquoted AFS equity investments is normally based market observable data to the extent practicable. When level 1 inputs are not available the Group determines fair value based another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. Management believes that the carrying values of these unquoted equity investments are appropriately measured at their fair values.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

4 Critical accounting judgments and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.4 Valuation of unquoted equity investments (continued)

4.2.4.1 applicable before 1 January 2018

Valuation of unquoted AFS equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. In the absence of an active market for these investments or any recent transactions that could provide evidence of the current fair value, these investments are carried at cost less recognised impairment losses, if any. Management believes that the carrying values of these unquoted equity investments are not materially different from their fair values.

4.2.5 Impairment of investment in associates and joint ventures

Management regularly reviews its investment in associates and joint ventures for indicators of impairment. This determination of whether investment associates and joint ventures are impaired entails management's evaluation of the specific investee's profitability, liquidity, solvency and ability to generate operating cash flows from the date of acquisition and until the foreseeable future. The difference between the estimated recoverable amount and the carrying value of investment is recognised as an expense in profit or loss. Management is satisfied that no impairment provision is necessary on its investment in associates and joint ventures.

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

5 Property, plant and equipment

	Fish farming assets AED'000	Buildings and leasehold improvements AED'000	Plant and equipment AED'000	Furniture, fixtures and office equipment AED'000	Motor vehicles AED'000	Marine vessels AED'000	Capital work in progress AED'000	Total AED'000
Cost								
At 1 January 2017	8,005	10,080	39,980	3,618	14,931	3,330	934	80,878
Additions during the year	222	87	471	246	-	-	4,959	5,985
Disposals	-	-	(1,843)	(234)	(2,047)	-	-	(4,124)
At 31 December 2017	8,227	10,167	38,608	3,630	12,884	3,330	5,893	82,739
On acquisition (Note 27)	-	5,104	1,335	-	891	-	-	7,330
Additions during the year	-	-	396	108	356	-	51,723	52,583
Disposals	(1,775)	(64)	(1,749)	(25)	(2,018)	(135)	-	(5,766)
At 31 December 2018	**6,452**	**15,207**	**38,590**	**3,713**	**12,113**	**3,195**	**57,616**	**136,886**
Accumulated depreciation and impairment								
At 1 January 2017	8,005	9,163	34,993	3,417	11,755	3,330	-	70,663
Charge for the year	23	330	2,525	123	954	-	-	3,955
Eliminated on disposals	-	-	(1,831)	(206)	(1,961)	-	-	(3,998)
At 31 December 2017	8,028	9,493	35,687	3,334	10,748	3,330	-	70,620
Charge for the year	199	449	1,741	58	411	-	-	2,858
Eliminated on disposals	(1,775)	(64)	(1,725)	(24)	(1,493)	(135)	-	(5,216)
At 31 December 2018	**6,452**	**9,878**	**35,703**	**3,368**	**9,666**	**3,195**	**-**	**68,262**
Carrying amount								
At 31 December 2018	**-**	**5,329**	**2,887**	**345**	**2,447**	**-**	**57,616**	**68,624**
At 31 December 2017	199	674	2,921	296	2,136	-	5,893	12,119

At 31 December 2018, capital work in progress mainly comprises costs incurred towards constructing a new factory in Dubai Investment Park (DIP).

At 31 December 2018, the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 58,842 thousand (2017: AED 46,072 thousand).

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

5 Property, plant and equipment (continued)

The depreciation expense are apportioned as follows:

	2018 AED'000	2017 AED'000
Cost of revenue (Note 22)	**2,041**	3,196
General and administrative expenses (Note 23)	**697**	518
Selling and distribution expenses (Note 24)	**120**	241
	2,858	3,955

6 Investment properties

	Buildings AED'000	Land AED'000	Total AED'000
Cost			
At 1 January 2017	68,677	97,438	166,115
Additions	612	-	612
Write off	(874)	-	(874)
At 31 December 2017 and 2018	**68,415**	**97,438**	**165,853**
Accumulated depreciation			
At 1 January 2017	67,752	-	67,752
Charge for the year	382	-	382
Eliminated on write off	(874)	-	(874)
At 31 December 2017	67,260	-	67,260
Charge for the year	413	-	413
At 31 December 2018	**67,673**	-	**67,673**
Carrying amount			
At 31 December 2018	**742**	**97,438**	**98,180**
At 31 December 2017	1,155	97,438	98,593

The fair value of investment property was determined by using discounted cash flow model prepared internally by the management as of 31 December 2018. The fair value of the investment property is not lower than the carrying value. The fair value of the investment property as at 31 December 2018 is estimated to be around AED 30 million (2017: AED 27 million). Assumption used by the management are constant historic cash flows and discount rate of 10% per annum. For disclosure purpose these investment properties are being considered as level 3.

6 Investment properties (continued)

Investment in plots of land represents the value of three plots of land located in Meena area, Abu Dhabi with carrying amount of AED 97 million (2017: three plots of land with carrying amount of AED 97 million). The fair value of the plots of land as of 31 December 2018 approximates to AED 177 million (2017: AED 200 million) and was determined by an independent appraiser using the market comparable approach that reflects recent transactions prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties was determined to be their current use. For disclosure purposes, these properties are being considered as Level 3. There were no transfers between the levels during the year.

7 Investment in associates and joint ventures

Details of the Group's associates and joint ventures are as follows:

Name of entity	**Principal activities**	**Place of incorporation and operation**	**Ownership interest**	
			2018	2017
Associates				
Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	U.A.E.	**47%**	47%
Tafseer Contracting & General Maintenance Company L.L.C.	Real estate enterprise investment, development, institution and management.	U.A.E	**20%**	20%
The Gombos Company LLC	Trading and production of animal feed	USA	**30%**	-
Joint ventures				
Lazio Real Estate Investment LLC	Real estate enterprise investment, development, institution and management	U.A.E.	**65%**	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	U.A.E.	**65%**	65%

During the current year, the Group acquired 30% interest in "The Gombos Company L.L.C." The consideration paid amounted to AED 3.5 million.

During the current year, the Directors of Lazio Real Estate Investment LLC has elected to liquidate the joint venture. As of December 31, 2018, carrying amount of the investments is AED 0.2 million. The liquidation process is still on going.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

7 Investment in associates and joint ventures (continued)

Movement in investment in associates and joint ventures was as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the year	8,815	9,144
Acquisition during the year	3,486	-
Share of the Group's profit for the year (Note 25)	7,062	11,420
Dividend received during the year	(6,435)	(11,749)
Balance at the end of the year	12,928	8,815

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

	2018 AED'000	2017 AED'000
Total assets	92,709	26,125
Total liabilities	(51,211)	(10,040)
Net assets	41,498	16,085
Group's share of net assets of associates and joint ventures	12,928	8,815
Total revenue	144,401	52,512
Total profit for the year	13,307	20,532
Group's share in profits, net	7,062	11,420

8 Financial assets at fair value through other comprehensive income

	2018 AED'000	2017 AED'000
Quoted	**1,787**	2,797
Unquoted	**21,081**	10,139
	22,868	12,936
In U.A.E. markets	**22,868**	12,936

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. Valuation technique used to derive fair value is disclosed in note 32.3.1.

Movement in financial assets at FVTOCI during the year was as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the period/year (as previously reported under IAS 39)	**12,936**	14,877
Change in fair value of unquoted investments due to adoption of IFRS 9	**10,942**	-
	23,878	14,877
Purchases during the year	**-**	4,410
Change in fair value	**(1,010)**	(2,351)
Disposal of financial assets at FVTOCI	**-**	(4,000)
	22,868	12,936

9 Inventories

	2018 AED'000	2017 AED'000
Fish and fish products	**34,701**	15,406
Fish feed	**-**	114
Other material- packing and raw materials	**2,589**	1,738
	37,290	17,258
Less: allowance for slow moving inventories	**(740)**	(336)
Goods in transit	**563**	4,425
	37,113	21,347

Movement in allowance for slow moving inventories is as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the year	**336**	739
Amounts charged to income during the year	**404**	13
Allowance written off	**-**	(416)
Balance at the end of the year	**740**	336

10 Biological assets

Movement during the year is as follows:

	2018 AED'000	2017 AED'000
Fair value at the beginning of the year	**4,363**	10,707
Cost of growing the biological assets during the year	**631**	7,333
Harvested during the year	**(2,955)**	(13,890)
Change in fair value	**(535)**	213
Fair value at the end of the year	**1,504**	4,363

As of 31 December 2018, the biological assets comprise the fair value of nursery plants.

As of 31 December 2017, the biological assets comprise of nursery plants and juveniles. The fair value of the juveniles is determined by using the discounted cash flow model prepared internally by the management using the future cash flows and discount rate of 7% per annum, which was based on historical pattern and general standards in the industry.

11 Related parties

Related parties, as defined in International Accounting Standard 24: *Related Party Disclosures*, include associate companies, major shareholders, directors and other key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

11 Related parties (continued)

11.1 Due from/to related parties

	2018 AED'000	2017 AED'000
11.1.1 Due from related parties (entities under common control)		
Pal Technology Services L.L.C.	**34,393**	35,143
RG Procurement RSC LTD	**14,816**	-
Meena Holdings LLC	**6,188**	3,000
National Projects and Construction L.L.C.	**5,457**	3,327
Tafawuq Facility Management (Formerly Three 60 Estate Management)	**3,695**	10,283
Zee Stores L.L.C.	**1,356**	1,150
Mazara L.L.C.	**757**	757
Paragon Mall LLC	**749**	648
Tamouh Investments Company L.L.C.	**162**	360
Trojan General Contracting L.L.C.	**159**	159
YOSH Hospitality LLC	**144**	-
Phoenix Timber Factory L.L.C.	**122**	122
Royal Development Company L.L.C.	**60**	60
Toshiba Elevator Middle East L.L.C.	**49**	53
Royal Architect Project Management L.L.C.	**41**	41
Abu Dhabi Mountain Gate Property Investment L.L.C.	**21**	14
Sinyar Property Management LLC	**-**	121
Royal Group - Corporate Office	**-**	2,343
	68,169	57,581
Less: allowance for expected credit loss	**(757)**	(757)
Adjustment upon application of IFRS 9	**(85)**	-
	67,327	56,824

	2018 AED'000	2017 AED'000
11.1.2 Due to related parties (entities under common control)		
Hi-Tech Concrete Projects L.L.C.	**2,750**	1,449
National Projects and Construction LLC	**4,000**	-
Al Jaraf Travel and Logistic L.L.C.	**230**	644
Royal Group Holding L.L.C.	**452**	198
Royal Group - Corporate Office	**141**	-
Reem Ready Mix Co. L.L.C.	**81**	194
Zee Stores L.L.C	**13**	-
Dar Al Ummah Printing and Publishing	**10**	8
Support Center & Catering LLC	**7**	6
Royal Technology Solutions L.L.C.	**-**	101
Tafseer Contracting Co.	**-**	68
Barari Forest Management LLC	**-**	15
Others	**-**	9
	7,684	2,692

	2018 AED'000	2017 AED'000
11.1.3 Loan to a related party		
Key management personnel	**1,200**	-

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

11 Related parties (continued)

11.2 Transactions

During the year, the Group granted loan to a key management personnel amounting to AED 1.2 million which is unsecured and non-interest bearing and due on 31 December 2020.

Further, the Group entered into the following transactions with the entities under common control:

	2018 AED'000	2017 AED'000
Sales of fish and fish products	**7,200**	6,321
Contracting revenue	**52,769**	37,272
Cost of contracting revenue	**41,097**	22,773
Purchases	**3,081**	-

11.3 Compensation of key management personnel

	2018 AED'000	2017 AED'000
Salaries and other benefits – short term	**10,866**	9,789
End of service benefits – long term	**231**	210
Management fees (Note 23)	**5,341**	5,860

12 Trade and other receivables

	2018 AED'000	2017 AED'000
Trade receivables	**121,704**	112,072
Less: allowance for expected credit loss	**(8,929)**	(6,946)
Adjustment upon application of IFRS 9	**(5,482)**	-
	107,293	105,126
Contract assets from customers	**36,972**	29,358
Adjustment upon application of IFRS 9	**(45)**	-
	144,220	134,484
Retention receivables	**7,713**	2,075
Prepaid expenses	**1,154**	8,705
Margin deposits	**2,295**	237
Accrued interest receivable	**3,367**	1,582
Advances to suppliers and sub-contractors	**21,384**	15,413
Other receivables	**7,781**	1,041
	187,914	163,537

12 Trade and other receivables (continued)

Contract assets from customers:

	2018 AED'000	2017 AED'000
Contracts costs incurred plus recognised profits less recognised losses to date	**293,764**	389,562
Progress billings to date	**(249,672)**	(353,084)
	44,092	36,478
Less: allowance against due from customers for contract work	**(7,165)**	(7,120)
Balance at the end of the year	**36,927**	29,358

The average credit period on sale of goods and rendering of services is 60 - 90 days. No interest is charged on the outstanding trade receivables.

The Group always measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime ECL. The expected credit losses on financial assets and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The following table details the risk profile of trade receivables based on the Group's provision matrix:

		Trade receivables – Days Past Due			
31 December 2018	**Not past due AED**	**<30 AED**	**31-60 AED**	**>60 AED**	**Total AED**
Expected credit loss rate	**3%**	**7%**	**21%**	**58%**	
Estimated total gross carrying amount at default	89,331	11,916	2,473	17,984	121,704
Life time ECL	**2,624**	**785**	**514**	**10,488**	**14,411**

12 Trade and other receivables (continued)

31 December 2017	Not past due AED	Trade receivables – Days Past Due <30 AED	31-60 AED	>60 AED	Total AED *(Restated)*
Expected credit loss rate	6%	6%	37%	73%	
Estimated total gross carrying amount at default	56,019	9,749	8,385	37,919	112,072
Life time ECL	940	481	674	10,333	12,428

The movement in the allowance for expected credit loss against trade receivables during the year is as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the year *(as previously reported)*	**6,946**	5,668
Adjustment upon application of IFRS 9	**5,482**	-
Balance at the beginning of the year *(as restated)*	**12,428**	5,668
Amounts charged to income during the year	**2,311**	1,310
Allowance written off	**(328)**	(32)
Balance at the end of the year	**14,411**	6,946

The movement in the allowance for expected credit loss against contract assets from customers during the year is as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the year *(as previously reported)*	**7,120**	5,132
Adjustment upon application of IFRS 9	**45**	-
Balance at the beginning of the year *(as restated)*	**7,165**	5,132
Amounts charged to income during the year	**-**	1,988
Balance at the end of the year	**7,165**	7,120

There has not been any significant change in the gross amounts and movements in lifetime ECL for of trade receivables and contract assets that has affected the estimation of the loss allowance as of 31 December 2018.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

13 Cash and bank balances

	2018 AED'000	2017 AED'000
Cash on hand	**258**	155
Bank balances:		
Current and call accounts	**22,855**	23,484
Fixed deposits	**270,437**	270,010
Adjustment upon application of IFRS 9	**(54)**	-
Total cash and bank balances	**293,496**	293,649
Less: fixed deposits with a maturity of more than three months	**(201,724)**	(117,960)
Cash and cash equivalents	**91,772**	175,689

14 Share capital

	2018 AED'000	2017 AED'000
Authorised issued and fully paid 510 million shares of AED 1 each (31 December 2017: 510 million shares of AED 1 each)	**510,000**	510,000

15 Statutory reserve

In accordance with UAE 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.

16 Provision for employees' end of service indemnity

Movements during the year were as follows:

	2018 AED'000	2017 AED'000
Balance at the beginning of the year	**15,664**	14,937
Amounts charged to income during the year	**2,882**	2,810
Amounts paid during the year	**(1,646)**	(2,083)
Balance at the end of the year	**16,900**	15,664

17 Obligations under finance leases

This represents the carrying amount of the vehicle finance lease entered by the Group in the previous years that has matured during the year.

Shown below is the maturity analysis of minimum lease payments:

	Minimum lease payments		Present value of minimum lease payments	
	2018	2017	**2018**	2017
	AED'000	AED'000	**AED'000**	AED'000
Within one year	-	538	-	496
In the second to fifth year	-	-	-	-
		538	-	496
Less: future finance	-	(42)	-	-
Present value of minimum	-	496	-	496

The fair value of the finance lease liabilities approximates the carrying amount. The finance lease liabilities are secured by a mortgage over the financed vehicles with a total cost of nil (2017: AED 1,874,500).

18 Loan from a related party

Details of loan from a related party are as follows:

	2018	2017
	AED'000	AED'000
Loan from a related party - Royal Group (corporate office)	**3,145**	6,025
Less: non-current portion	-	(1,705)
Current portion	**3,145**	4,320

The loan from a related party is non-interest bearing. The Group has agreed to repay the related party a monthly instalment of AED 360,000.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

19 Bank borrowings

Details of bank borrowings are as follows:

	2018 AED'000	2017 AED'000
Bank borrowings	**28,644**	1,105
Less: non-current portion	**25,144**	-
Current portion	**3,500**	1,105

In 2017, the Group availed a loan facility of AED 71.3 million to finance the construction of a new factory for the processing of frozen and fresh seafood. The loan bears interest at 3 months EIBOR + 3% per annum payable quarterly which is repayable in quarterly instalments of AED 3,500,000 each starting 31 December 2019. The cumulative drawdown is AED 28.6 million (2017: AED 1.1 million). Borrowing costs included in the cost of qualifying assets amounted to AED 487,200 (2017: AED Nil).

20 Trade and other payables

	2018 AED'000	2017 AED'000
Trade payables	**70,871**	26,879
Advances from customers	**15,876**	11,455
Deferred rental income	**104**	820
Retention payable	**8,946**	1,891
Accruals and other payables	**52,685**	45,032
	148,482	86,077

The Group's trade and other payables have usual credit terms of 30 to 90 days from the invoice date.

21 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with revenue information that is disclosed for each reportable segment under IFRS 8, *Operating Segments.*

	2018 AED'000	2017 AED'000
Fish farming/trading & processing:		
Fish and food products revenue	**369,320**	295,613
Contracting:		
Construction contract revenue	**94,020**	18,104
Labour camp management and other related revenue	**26,530**	26,252
Maintenance work revenue	**33,855**	47,864
Landscaping and agriculture revenue	**46,516**	33,306
	570,241	421,139

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

22 Cost of revenue

	2018 AED'000	2017 AED'000
Fish and food products cost	**323,053**	256,377
Subcontracting and maintenance costs	**84,648**	25,325
Direct materials and charges	**50,758**	21,840
Staff costs	**30,346**	34,572
Depreciation	**2,041**	3,196
Others	**68**	2,072
	490,914	343,382

23 General and administrative expenses

	2018 AED'000	2017 AED'000
Salaries and wages	**28,012**	26,720
Management fees (Note 11)	**5,341**	5,860
Rent, utilities and communication	**4,162**	4,167
Government fees, professional and legal expenses	**9,294**	3,091
Allowance against contract assets from customers (Note 12)	**-**	1,988
Allowance for doubtful debts (Note 12)	**2,311**	1,310
Travelling expenses	**1,546**	1,018
Repairs and maintenance	**242**	942
Depreciation	**697**	518
Sales promotion and marketing	**11**	230
Annual general assembly meeting and share listing expenses	**520**	120
Insurance expenses	**477**	87
Allowance for slow moving inventories	**404**	13
Allowance against advances to suppliers and other receivables	**-**	824
Other expenses	**4,601**	1,660
	57,618	48,548

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

24 Selling and distribution expenses

	2018 AED'000	2017 AED'000
Salaries and wages	**11,102**	8,651
Sales promotion and marketing	**6,237**	5,815
Rent, utilities and communication	**4,502**	4,332
Freight and direct sales expenses	**3,808**	3,032
Travelling expenses	**2,155**	376
Fuel expenses	**1,460**	1,073
Insurance expenses	**683**	775
Professional fees	**404**	271
Depreciation	**120**	241
Repairs and maintenance	**34**	56
Other expenses	**956**	115
	31,461	24,737

25 Investment income

	2018 AED'000	2017 AED'000
Interest and dividends income	**11,296**	6,124
Share of profit from associates and joint ventures (Note 7)	**7,062**	11,420
	18,358	17,544

26 Other income

	2018 AED'000	2017 AED'000
Royalty income	**1,937**	2,388
Rental income	**3,660**	3,543
Gain on disposal of property, plant and equipment	**640**	433
Gain on acquisition of a subsidiary (Note 27)	**2,490**	-
Miscellaneous	**3,387**	3,793
	12,114	10,157

27 Business combination

During the current year, Alliance Food Security Holdings acquired 100% ownership in Forrajes San Mateo, S.L.U for a total consideration of EUR 1,065,000 (AED 4,830,222).

The gain on acquisition of subsidiary amounting to AED 2,489,313 being the excess of fair value of net assets acquired over the consideration transferred.

27.1 Details of the acquisition and purchase price allocation

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	1 March 2018 AED'000
Prepayments and other current assets	29
Inventories	126
Property, plant and equipment (Note 5)	7,330
Other assets	22
Trade and other payables	(187)
Net assets acquired	7,320
Gain on acquisition	(2,490)
Acquisition-date fair value of the total consideration transferred	**4,830**

The fair value of the property, plant and equipment was verified by an independent appraiser. For disclosure purpose, the fair value of property is classified under level 3.

27.2 Consideration transferred

	1 March 2018 AED'000
Cash paid	3,648
Payable to Forrajes San Mateo, S.LU ("the acquiree")	1,182
	4,830

There is no contingent consideration included in the purchase price of the subsidiary.

27.3 *Result of operations of newly acquired subsidiary*

During the year, the newly acquired subsidiary contributed revenue and profit to the Group amounting to AED 10.7 million and AED 0.3 million, respectively.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

28 Basic earnings per share

Earnings per share are calculated by dividing the profit for the year attributed to the owners of the Company by the weighted average number of shares in issue throughout the year as follows:

	2018	2017
Profit for the year (AED'000)	**18,451**	29,351
Weighted average number of ordinary shares outstanding during the year (in thousands)	**510,000**	510,000
Basic earnings per share (AED)	**0.04**	0.06

29 Social contributions

Social contributions (including donations and charity) made during the current year amounted to nil (2017: AED 76 thousand).

30 Contingent liabilities and commitments

30.1 Contingent liabilities

	2018 **AED'000**	2017 AED'000
Letters of guarantee	**76,343**	68,431
Letters of credit	**26,392**	5,059

30.2 Commitments for capital expenditure

	2018 **AED'000**	2017 AED'000
Commitments for the purchase of property, plant and equipment	**44,419**	67,700

30.3 Operating lease commitments

Operating lease relates to lease of plot of land in Dubai Industrial City with lease term of 25 years commencing on 1 March 2003 and expiring on 31 January 2028. The Group does not have an option to purchase the leased property at the expiry of the lease period.

The Group entered into a new lease agreement for land in Dubai Industrial Park for factory of Alliance Food Company LLC which expires on 24 October 2046. Operating lease relates to lease of plot of land with lease term of 30 years commencing on 25 October 2016. The Group does not have an option to purchase the leased property at the expiry of the lease period.

30 Contingent liabilities and commitments (continued)

30.3 Operating lease commitments (continued)

Non-cancellable operating lease rental is payable as follows:

	2018 AED'000	2017 AED'000
No later than one year	**1,229**	400
Later than one year and no later than five years	**5,435**	5,228
Later than five years	**24,920**	26,356
	31,584	31,984

31 Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders. The Group's overall strategy remains unchanged from 2017.

The capital structure of the Group consists of cash and bank balances, bank borrowings, loan from a related party, obligations under finance leases and equity comprising of share capital, statutory reserve, and cumulative changes on revaluation of investments and retained earnings.

31.1 Gearing ratio

The Group's management reviews the capital structure on regular basis. As part of this review, the Group's management considers the cost of capital and the risks associated with capital.

The gearing ratio at the year-end was as follows:

	2018 AED'000	2017 AED'000
Debt (i)	**31,789**	7,626
Bank balances and cash	**(293,496)**	(293,649)
Net debt	**(261,707)**	(286,023)
Equity (ii)	**577,030**	553,873
Debt/equity ratio	**-**	-

(i) Debt is defined as bank borrowings, loan from a related party and obligations under finance lease.
(ii) Equity includes share capital, statutory reserve, cumulative changes on revaluation of investments and retained earnings.

32 Financial instruments

32.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the consolidated financial statements.

32.2 Categories of financial instruments

	2018	2017
	AED'000	AED'000
Financial assets		
Loans and receivables (including cash and bank balances and Financial assets at fair value through other comprehensive income but excluding contract assets)	**505,627**	502,828
Financial liabilities		
At amortised cost	**171,975**	84,120

Management considers that the carrying amounts of the financial assets and financial liabilities recorded in the consolidated statement of financial position approximate their fair values.

32.3 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.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

32 Financial instruments (continued)

32.3 Fair value measurements (continued)

32.3.1 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 gives information about how the fair value of these financial assets are determined.

Financial assets	Fair value as at 31 December 2018 AED'000	31 December 2017 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – financial assets at FVTOCI	**1,787**	2,797	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted equity investments – financial assets at FVTOCI	**21,081**	10,139	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Long-term dividend growth rates, taking into account management's experience and knowledge of market conditions of the investee.	Higher the dividend return of the investee, the higher the fair value.
	22,868	**12,936**				

32.3.2 Fair value hierarchy

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:

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

32 Financial instruments (continued)

32.3 Fair value measurements (continued)

32.3.2 Fair value hierarchy (continued)

At 31 December 2018

Financial assets	**Level 1 AED'000**	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Financial assets at FVTOCI				
Quoted equity instruments	**1,787**	-	-	**1,787**
Unquoted equity instruments	-	-	**21,081**	**21,081**
	1,787		**21,081**	**22,868**

At 31 December 2017
Financial assets

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at FVTOCI				
Quoted equity instruments	2,797	-	-	2,797
Unquoted equity instruments	-	-	10,139	10,139
	2,797	-	10,139	12,936

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

32.4 Financial risk management objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

32 Financial instruments (continued)

32.4 Financial risk management objectives (continued)

32.4.1 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

32.4.1.1 Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. There are no significant exchange rate risks for financial assets and liabilities that are denominated in Arab Emirates Dirhams, other GCC currencies, EUR and US Dollars to which the Dirham is fixed.

32.4.1.2 Interest rate risk

The Group's exposure to interest rate risk relates to its deposits and bank borrowings. At 31 December 2018, deposits carried an interest rate of 0.25% to 3.15% per annum (31 December 2017: 0.25% to 3.15% per annum) and the bank borrowings carried at an interest rate of 3 months EIBOR + 3% per annum (31 December 2017: 3 months EIBOR + 3% per annum).

32.4.1.2.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing financial assets and financial liabilities assuming the amount of financial assets and financial liabilities at the end of the reporting period were outstanding for the whole year.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2018 would increase/decrease by AED 1.5 million (2017: AED 1.5 million).

For borrowings, if interest rates had been at the minimum or maximum EIBOR rate and all other variables were held constant, the Group's capitalised borrowing costs for the year ended 31 December 2018 would decrease/increase by AED 0.3 million (2017: nil).

32.4.1.3 Equity price risk

32.4.1.3.1 Sensitivity analysis

At the reporting date if the prices of investments in equity instruments are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Group's:

Equity would have increased/decreased by AED 2.3 million (2017: AED 1 million) in the case of financial assets at FVTOCI.

32 Financial instruments (continued)

32.4 Financial risk management objectives (continued)

32.4.1 Market risk (continued)

32.4.1.3 Equity price risk (continued)

32.4.1.3.2 Method and assumptions for sensitivity analysis

The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.

As at the reporting date, if the prices of investments in equity instruments are 10% higher/ lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and equity has been shown above.

A 10% change in the prices of investments in equity instruments has been used to give a realistic assessment as a plausible event.

32.4.2 Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Further, the Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

32.4.3 Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities at maturity date.

The Group manages the liquidity risk through risk management framework for the Group's short, medium and long-term funding and liquidity management requirements by maintaining adequate reserves, sufficient cash and cash equivalent and the availability of financing through banking arrangements to ensure funds are available to meet its commitments for liabilities as they fall due.

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

32 Financial instruments (continued)

32.4 Financial risk management objectives (continued)

32.4.3 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by Management to ensure adequate liquidity is maintained. The maturity profile of the financial assets and financial liabilities at the reporting date based on contractual repayment arrangements was as follows:

	Weighted average effective interest rate	Less than 30 days AED'000	30 to 120 days AED'000	121 to 365 days AED'000	Above 365 days AED'000	Total AED'000
31 December 2018						
Financial assets						
Financial assets at fair value through other comprehensive income (FVTOCI)		-	-	-	22,868	22,868
Loan to a related party		-	-	-	1,200	1,200
Due from related parties		67,327	-	-	-	67,327
Trade and other receivables		102,623	10,617	7,496	-	120,736
Cash and bank balances	0.25% to 3.15%	91,772	-	201,724	-	293,496
Total		261,722	10,617	209,220	24,068	505,627
Financial liabilities						
Bank borrowings	3M EIBOR + 3%	-	-	3,500	25,144	28,644
Due to related parties		7,684	-	-	-	7,684
Loan from a related party		360	1,080	1,705	-	3,145
Trade and other payables		-	132,502	-	-	132,502
Total		8,044	133,582	5,205	25,144	171,975
31 December 2017						
Financial assets						
Financial assets at fair value through other comprehensive income (FVTOCI)		-	-	-	12,936	12,936
Due from related parties		56,824	-	-	-	56,824
Trade and other receivables		88,683	45,521	5,215	-	139,419
Cash and bank balances	0.25% to 3.15%	175,689	117,960	-	-	293,649
Total		321,196	163,481	5,215	12,936	502,828

32 Financial instruments (continued)

32.4 Financial risk management objectives (continued)

32.4.3 Liquidity risk (continued)

	Weighted average effective interest rate	Less than 30 days AED'000	30 to 120 days AED'000	121 to 365 days AED'000	Above 365 days AED'000	Total AED'000
31 December 2017						
Financial liabilities						
Bank borrowings	3M EIBOR + 3%	-	-	1,105	-	1,105
Due to related parties		2,692	-	-	-	2,692
Loan from a related party		360	1,080	2,880	1,705	6,025
Obligations under finance lease		-	496	-	-	496
Trade and other payables		73,802	-	-	-	73802
Total		76,854	1,576	3,985	1,705	84,120

33 Segmental analysis

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

Fish farming/Trading & processing include freezing fish and seafood, preparing and packing seafood products, fish farming, trading in fish and seafood products and general trading of foodstuff.

Investments include investments in equity securities, investment in associates and joint ventures, investment property and term deposits.

Contracting include technical, commercial and contracting services specifically marine work contract, landscaping design and execution, and labour camp management.

Notes to the consolidated financial statements for the year ended 31 December 2018 (continued)

33 Segmental analysis (continued)

	Fish farming/ Trading & processing		Investments		Contracting		Total	
	2018 AED '000	2017 AED'000	**2018 AED'000**	2017 AED'000	**2018 AED'000**	2017 AED'000	**2018 AED'000**	2017 AED'000
Revenue	**369,320**	295,613	**-**	-	**200,921**	125,526	**570,241**	421,139
Result								
Segment results	**(13,471)**	(3,736)	**-**	(655)	**3,719**	8,208	**(9,752)**	3,817
Interest and dividends		-	**11,296**	6,124		-	**11,296**	6,124
Share of profit from associates and joint ventures	**-**	-	**7,062**	11,420	**-**	-	**7,062**	11,420
Gain on acquisition of subsidiary	**-**	-	**2,490**	-	**-**	-	**2,490**	-
Change in fair value of biological assets	**(1,517)**	(644)	**-**	-	**982**	857	**(535)**	213
Gain on sale of property, plant and equipment	**68**	263	**-**	-	**572**	170	**640**	433
Other income	**1,747**	620	**-**	-	**7,237**	9,104	**8,984**	9,724
Profit for the year							**20,185**	31,731

33 Segmental analysis (continued)

	Fish farming/ Trading & processing		Investments		Contracting		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
	AED'000	AED'000	**AED'000**	AED'000	**AED'000**	AED'000	**AED'000**	AED'000
Segment assets	**217,825**	114,097	**306,927**	390,354	**266,402**	167,732	**791,154**	672,183
Segment liabilities	**84,576**	32,108	**-**	-	**120,279**	79,951	**204,855**	112,059

Notes to the consolidated financial statements
for the year ended 31 December 2018 (continued)

34 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those which cash flows were, or future cash flows will be, classified in the Group's consolidated financial statements of cash flows as cash flows from financing activities.

	Loan from a related party AED '000	Obligations under finance leases AED '000	Bank borrowings AED '000	Total AED '000
Balance at 1 January	6,025	496	1,105	7,626
Financing cash flows	(2,880)	(496)	27,539	24,163
Balance at 31 December	**3,145**	-	28,644	**31,789**

35 Dividends

During the current year, the Group declared dividends attributable to non-controlling interest amounting to AED 4 million.

36 Subsequent Events

On 27 January 2019, the Group's Board of Directors resolved to initiate the completion of the procedures required for the acquisition of full shares of PAL Cooling LLC, which is currently wholly owned by Royal Group LLC. The acquisition will be in exchange of 1,311,428,571 ordinary shares of the Group.

On 19 February 2019, the implementation agreement for the acquisition was signed in addition to the entry of PAL Holding as strategic partner in the Group subject to final shareholders and regulatory approval.

37 Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 March 2019.