

# **International Holdings Company PJSC**

**REVIEW REPORT AND INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 MARCH 2019**

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

*Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of International Holdings Company PJSC (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 31 March 2019, comprising of the interim consolidated statement of financial position as at 31 March 2019, and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting. (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

*Scope of review*

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

*Conclusion*

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

*Other matter*

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2018 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 13 May 2018.

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



Signed by:

Raed Ahmad  
Partner  
Ernst & Young  
Registration No 811

13 May 2019  
Abu Dhabi

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

|  | <i>Notes</i> | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|--|--------------|--|---|
| <b>ASSETS</b>  |              |  |   |
| <b>Non-current assets</b>  |              |  |   |
| Property, plant and equipment  | 4            | 95,306   | 68,624  |
| Right-of-use assets  | 3            | 14,014   | -   |
| Investment properties  | 5            | 98,077   | 98,180  |
| Investment in associates and joint ventures                          | 6            | 10,496   | 12,928  |
| Financial assets at fair value through<br>other comprehensive income | 7            | 22,941   | 22,868  |
| Loan to a related party  | 13.2         | <u>1,200</u>   | <u>1,200</u>  |
| <b>Total non-current assets</b>                                      |              | <b><u>242,034</u></b>  | <b><u>203,800</u></b>   |
| <b>Current assets</b>  |              |  |   |
| Inventories  | 8            | 52,801   | 37,113  |
| Biological assets  |              | 1,494  | 1,504   |
| Due from related parties   |              | 59,268   | 67,327  |
| Trade and other receivables  |              | 248,144  | 187,914   |
| Cash and bank balances   | 9            | <u>261,677</u>   | <u>293,496</u>  |
| <b>Total current assets</b>  |              | <b><u>623,384</u></b>  | <b><u>587,354</u></b>   |
| <b>Total assets</b>  |              | <b><u>865,418</u></b>  | <b><u>791,154</u></b>   |
| <b>EQUITY AND LIABILITIES</b>  |              |  |   |
| <b>Equity</b>  |              |  |   |
| Share capital  | 10           | 510,000  | 510,000   |
| Statutory reserve  | 11           | 12,820   | 12,820  |
| Cumulative changes on revaluation of investments                     |              | 7,741  | 7,668   |
| Currency translation reserve   |              | (382)  | (102)   |
| Retained earnings  |              | <u>55,624</u>  | <u>46,644</u>   |
| <b>Equity attributable to owners of the Company</b>                  |              | <b>585,803</b>   | <b>577,030</b>  |
| Non-controlling interests  |              | <u>17,926</u>  | <u>9,269</u>  |
| <b>Total equity</b>  |              | <b><u>603,729</u></b>  | <b><u>586,299</u></b>   |
| <b>Non-current liabilities</b>                                       |              |  |   |
| Provision for employees' end of service indemnity                    |              | 16,918   | 16,900  |
| Lease liability  |              | 13,243   | -   |
| Payable to non-trading supplier                                      |              | 1,017  | -   |
| Bank borrowings  |              | <u>30,233</u>  | <u>25,144</u>   |
| <b>Total non-current liabilities</b>                                 |              | <b><u>61,411</u></b>   | <b><u>42,044</u></b>  |

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued At 31 March 2019

|                                     | <i>Notes</i> | <i>(Unaudited)</i><br><b>31 March<br/>2019</b><br><i>AED'000</i> | <i>(Audited)</i><br><b>31 December<br/>2018</b><br><i>AED'000</i> |
|-------------------------------------|--------------|--|---|
| <b>Current liabilities</b>          |              |  |   |
| Due to related parties              |              | 10,470   | 7,684   |
| Lease liability                     |              | 829  | -   |
| Loan from a related party           | 12           | 2,785  | 3,145   |
| Bank borrowings                     |              | 30,818   | 3,500   |
| Trade and other payables            |              | <u>155,376</u>   | <u>148,482</u>  |
| <b>Total current liabilities</b>    |              | <u>200,278</u>   | <u>162,811</u>  |
| <b>Total liabilities</b>            |              | <u>261,689</u>   | <u>204,855</u>  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |              | <u>865,418</u>   | <u>791,154</u>  |

Chief Financial Officer

Chief Executive Officer

Director

Chairman

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months period ended 31 March 2019

|  | <i>Note</i> | <i>Three months period<br/>ended 31 March</i> |                         |
|--|-------------|---|-------------------------|
|  |             | <i>2019<br/>AED'000</i>                       | <i>2018<br/>AED'000</i> |
| <b>Revenue</b>   |             | <b>190,983</b>                                | 112,412                 |
| Cost of revenue  |             | <b>(165,153)</b>                              | <u>(95,709)</u>         |
| <b>Gross profit</b>  |             | <b>25,830</b>                                 | 16,703                  |
| General and administrative expenses                              |             | <b>(19,407)</b>                               | (10,950)                |
| Selling and distribution expenses                                |             | <b>(6,273)</b>                                | (6,167)                 |
| Change in fair value of biological assets                        |             | -   | 78                      |
| Other income   |             | <b>1,240</b>                                  | 1,600                   |
| Share of profit from investment in associates and joint ventures |             | <b>1,433</b>                                  | 2,058                   |
| Investment income  |             | <b>6,648</b>                                  | 6,573                   |
| Finance costs  |             | <b>(207)</b>                                  | <u>(10)</u>             |
| <b>Profit for the period</b>                                     |             | <b><u>9,264</u></b>                           | <u>9,885</u>            |
| <b>Attributable to:</b>  |             |   |                         |
| Owners of the Company  |             | <b>8,980</b>                                  | 9,507                   |
| Non-controlling interests  |             | <b><u>284</u></b>                             | <u>378</u>              |
| <b>Profit for the period</b>                                     |             | <b><u>9,264</u></b>                           | <u>9,885</u>            |
| <b>Basic earnings per share (AED)</b>                            | 14          | <b><u>0.02</u></b>                            | <u>0.02</u>             |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 31 March 2019

|  | <i>Three months period<br/>ended 31 March</i> |                |
|--|---|----------------|
|  | <i>2019</i>                                   | <i>2018</i>    |
|  | <i>AED'000</i>                                | <i>AED'000</i> |
| <b>Profit for the period</b>   | <u><b>9,264</b></u>                           | <u>9,885</u>   |
| <b>Other comprehensive loss:</b>   |   |                |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                            |   |                |
| Foreign exchange difference on translation of foreign operations                                 | (400)   | -              |
| <i>Items that will not be reclassified subsequently to profit or loss:</i>                       |   |                |
| Change in the fair value of financial assets at fair value<br>through other comprehensive income | <u>73</u>                                     | <u>(262)</u>   |
| <b>Total other comprehensive loss</b>  | <u><b>(327)</b></u>                           | <u>(262)</u>   |
| <b>Total comprehensive income for the period</b>   | <u><b>8,937</b></u>                           | <u>9,623</u>   |
| <b>Attributable to:</b>  |   |                |
| Owners of the Company  | 8,773   | 9,245          |
| Non-controlling interests  | <u>164</u>                                    | <u>378</u>     |
|  | <u><b>8,937</b></u>                           | <u>9,623</u>   |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

## International Holdings Company PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 31 March 2019

|   | Share capital<br>AED '000 | Statutory<br>reserve<br>AED '000 | Cumulative<br>changes on<br>revaluation of<br>financial assets<br>AED '000 | Currency<br>translation<br>reserve<br>AED '000 | Retained<br>earnings<br>AED '000 | Equity<br>attributable to<br>Owners of the<br>Company<br>AED '000 | Non-<br>controlling<br>interests<br>AED '000 | Total<br>AED '000 |
|---|---------------------------|----------------------------------|--|--|----------------------------------|---|--|-------------------|
| Balance at 1 January 2018 (audited)               | 510,000                   | 10,975                           | (2,264)  | -  | 35,162                           | 553,873   | 6,251  | 560,124           |
| Effect of changes in accounting policy for IFRS 9 | -                         | -                                | 10,942   | -  | (1,571)                          | 9,371   | (19)   | 9,352             |
| Balance at 1 January 2018 (restated)              | 510,000                   | 10,975                           | 8,678  | -  | 33,591                           | 563,244   | 6,232  | 569,476           |
| Profit for the period                             | -                         | -                                | -  | -  | 9,507                            | 9,507   | 378  | 9,885             |
| Other comprehensive loss for the period           | -                         | -                                | (262)  | -  | -                                | (262)   | -  | (262)             |
| Total comprehensive income for the period         | -                         | -                                | (262)  | -  | 9,507                            | 9,245   | 378  | 9,623             |
| Disposal of partial interest in subsidiary        | -                         | -                                | -  | -  | 47                               | 47  | 5,826  | 5,873             |
| Balance at 31 March 2018 (unaudited)              | 510,000                   | 10,975                           | 8,416  | -  | 43,145                           | 572,536   | 12,436                                       | 584,972           |
| Balance at 1 January 2019 (audited)               | 510,000                   | 12,820                           | 7,668  | (102)  | 46,644                           | 577,030   | 9,269  | 586,299           |
| Profit for the period                             | -                         | -                                | -  | -  | 8,980                            | 8,980   | 284  | 9,264             |
| Other comprehensive income (loss) for the period  | -                         | -                                | 73   | (280)  | -                                | (207)   | (120)  | (327)             |
| Total comprehensive income (loss) for the period  | -                         | -                                | 73   | (280)  | 8,980                            | 8,773   | 164  | 8,937             |
| Movement in non-controlling interests             | -                         | -                                | -  | -  | -                                | -   | 6,493  | 6,493             |
| Advance against issue of shares (note 20)         | -                         | -                                | -  | -  | -                                | -   | 2,000  | 2,000             |
| Balance at 31 March 2019 (unaudited)              | 510,000                   | 12,820                           | 7,741  | (382)  | 55,624                           | 585,803   | 17,926                                       | 603,729           |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 31 March 2019

|   | <i>Three months period<br/>ended 31 March</i> |                        |
|---|---|------------------------|
|   | <i>2019</i>                                   | <i>2018</i>            |
|   | <i>AED'000</i>                                | <i>AED'000</i>         |
| <b>OPERATING ACTIVITIES</b>   |   |                        |
| Profit for the period   | 9,264   | 9,885                  |
| Adjustments for:  |   |                        |
| Depreciation of property, plant and equipment and right-of-use asset              | 1,298   | 1,053                  |
| Depreciation of investment properties   | 103   | 104                    |
| Share of profit from investment in associates and joint ventures                  | (1,433)                                       | (2,058)                |
| Change in fair value of biological assets   | -   | (78)                   |
| Provision for employees' end of service indemnity                                 | 1,743   | 872                    |
| Gain on disposal of property, plant and equipment                                 | (36)  | (57)                   |
| Allowance for slow moving inventories   | 1,312   | 333                    |
| Allowance for expected credit losses  | 460   | 52                     |
| Interest and dividend income  | (6,648)                                       | (6,573)                |
| Finance costs   | <u>207</u>                                    | <u>10</u>              |
| <b>Operating cash flows before changes in operating assets and liabilities</b>    | <b>6,270</b>                                  | <b>3,543</b>           |
| Decrease in inventories   | 12,749  | 1,733                  |
| Decrease in biological assets   | 10  | 3,110                  |
| Decrease in due from related parties  | 8,059   | 1,179                  |
| Increase in trade and other receivables   | (40,787)                                      | (7,935)                |
| Increase/(decrease) in due to related parties                                     | 2,786   | (52)                   |
| (Decrease)/increase in trade and other payables                                   | <u>(12,348)</u>                               | <u>11,873</u>          |
| Cash (used in) generated from operations  | <b>(23,261)</b>                               | <b>13,451</b>          |
| Employees' end of service indemnity paid  | (1,725)                                       | (346)                  |
| Finance costs paid  | <u>(207)</u>                                  | <u>(10)</u>            |
| Net cash (used in)/generated from operating activities                            | <b><u>(25,193)</u></b>                        | <b><u>13,095</u></b>   |
| <b>INVESTING ACTIVITIES</b>   |   |                        |
| Decrease (increase) in fixed deposits   | 36,706  | (56,334)               |
| Addition to property, plant and equipment   | (15,005)                                      | (80)                   |
| Proceeds from sale of property, plant and equipment                               | 36  | 57                     |
| Net cash outflow on acquisition of investment                                     | (7,519)                                       | (3,167)                |
| Purchase of investment in associate   | -   | (3,486)                |
| Proceeds from disposal of interest in subsidiary                                  | -   | 4,673                  |
| Interest and dividends received   | <u>-</u>                                      | <u>6,573</u>           |
| Net cash generated from/(used in) investing activities                            | <b><u>14,218</u></b>                          | <b><u>(51,764)</u></b> |
| <b>FINANCING ACTIVITIES</b>   |   |                        |
| Proceeds from bank borrowings   | 7,964   | 1,410                  |
| Repayment of loan from related parties  | (360)   | (360)                  |
| Net movement in non-controlling interest  | 8,657   | -                      |
| Decrease in obligation under finance lease  | <u>-</u>                                      | <u>(92)</u>            |
| Net cash generated from financing activities                                      | <b><u>16,261</u></b>                          | <b><u>958</u></b>      |
| <b>NET INCREASE/(DECREASE) IN CASH AND<br/>CASH EQUIVALENTS DURING THE PERIOD</b> | <b>5,286</b>                                  | <b>(37,711)</b>        |
| Cash and cash equivalents at beginning of the period                              | 91,772  | 175,689                |
| Effect of foreign exchange rate changes   | <u>(400)</u>                                  | <u>-</u>               |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (note 15)</b>                   | <b><u>96,658</u></b>                          | <b><u>137,978</u></b>  |

The attached notes 1 to 20 form part of these interim condensed consolidated financial statements.



# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 1 GENERAL INFORMATION

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

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

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 13 May 2019.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

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

#### 2.2 Basis for consolidation

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

Control is achieved when the Company:

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

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

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

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

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

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

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

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

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

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

## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

#### 2 BASIS OF PREPARATION continued

##### 2.2 Basis for consolidation continued

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**Annual improvements 2015-2017 cycle**

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

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

**IFRS 16 ‘Leases’**

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

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

*Right of use assets*

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

**IFRS 16 ‘Leases’** continued

*Lease liabilities*

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

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

**Transition to IFRS 16**

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

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

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

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### IFRS 16 'Leases' continued

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

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

|                      | <i>Right-of-use<br/>(land)<br/>AED'000</i> | <i>Lease<br/>liabilities<br/>AED'000</i> |
|----------------------|--|--|
| As at 1 January 2019 | 14,139                                     | 13,876                                   |
| Depreciation expense | (125)                                      | -  |
| Interest expense     | -  | 196                                      |
| As at 31 March 2019  | <u>14,014</u>                              | <u>14,072</u>                            |

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

|             | <i>31 March<br/>2019<br/>AED'000<br/>(Unaudited)</i> | <i>31 December<br/>2018<br/>AED'000<br/>(Audited)</i> |
|-------------|--|---|
| Current     | 13,243   | -   |
| Non-current | <u>829</u>   | <u>-</u>  |
| Current     | <u>14,072</u>  | <u>-</u>  |

#### 3.1 Significant Accounting Estimates and Judgements

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

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

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

### 4 PROPERTY, PLANT AND EQUIPMENT

During the current period, additions to property, plant and equipment amounted to AED 27,855 thousand (three months period ended 31 March 2018: AED 4,910 thousand) and depreciation charge for the three months period ended 31 March 2019 amounted to AED 1,173 thousand (three months period ended 31 March 2018: AED 1,053 thousand).

## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

#### 5 INVESTMENT PROPERTIES

|  | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Audited)</i><br>31 December<br>2018<br>AED'000 |
|--|---|--|
| Land   | 97,438  | 97,438   |
| Buildings                                    | <u>68,415</u>                                     | <u>68,415</u>                                      |
|  | <u>165,853</u>                                    | <u>165,853</u>                                     |
| Depreciation:                                |   |  |
| At 1 January                                 | 67,673  | 67,260   |
| Charge for the year                          | <u>103</u>  | <u>413</u>   |
| Accumulated depreciation and impairment loss | <u>67,776</u>                                     | <u>67,673</u>                                      |
|  | <u>98,077</u>                                     | <u>98,180</u>                                      |

Depreciation charges for the three months period ended 31 March 2019 amounted to AED 103 thousand (three months period ended 31 March 2018: AED 104 thousand).

The fair value of the buildings as at 31 December 2018 was estimated to be around AED 27 million. The fair value of the buildings was determined by using discounted cash flow model prepared internally by the management as at 31 December 2018. The carrying amount of the buildings as at 31 March 2019 is AED 639 thousand (31 December 2018: AED 742 thousand). The buildings are located in Reem Island, Abu Dhabi. Management believes that the fair value did not materially change during the three months period ended 31 March 2019.

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

#### 6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

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

|   | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|---|--|---|
| Balance at the beginning of the period/year     | <b>12,928</b>  | 8,815   |
| Acquisition during the period/year              | -  | 3,486   |
| Disposal during the period/year                 | <b>(3,865)</b>   | -   |
| Share of the Group's profit for the period/year | <b>1,433</b>   | 7,062   |
| Dividend received during the period/year        | <u>-</u>   | <u>(6,435)</u>  |
| Balance at the end of the period/year           | <b><u>10,496</u></b>   | <u>12,928</u>   |

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

|  | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|--|--|---|
| Total assets   | <b>32,088</b>  | 92,709  |
| Total liabilities  | <b>(10,259)</b>  | (51,211)  |
| Net assets   | <b><u>21,829</u></b>   | <u>41,498</u>   |
| Group's share of net assets of associates and joint ventures | <b><u>10,496</u></b>   | <u>12,928</u>   |

#### *Three months period ended*

|                               | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Unaudited)</i><br><i>31 March</i><br><i>2018</i><br><i>AED'000</i> |
|-------------------------------|--|--|
| Total revenue                 | <b><u>5,622</u></b>  | <u>37,262</u>  |
| Total profit for the period   | <b><u>2,797</u></b>  | <u>3,536</u>   |
| Group's share in profits, net | <b><u>1,433</u></b>  | <u>2,058</u>   |



# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|                   | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|-------------------|--|---|
| Quoted            | 1,860  | 1,787   |
| Unquoted          | <u>21,081</u>  | <u>21,081</u>   |
|                   | <u>22,941</u>  | <u>22,868</u>   |
| In U.A.E. markets | <u>22,941</u>  | <u>22,868</u>   |

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

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

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

|   | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|---|--|---|
| Balance at the beginning of the period/year         | 22,868   | 23,878  |
| Change in fair value                                | <u>73</u>  | <u>(1,010)</u>  |
| Closing balance at the beginning of the period/year | <u>22,941</u>  | <u>22,868</u>   |

### 8 INVENTORIES

|   | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Audited)</i><br><i>31 December</i><br><i>2018</i><br><i>AED'000</i> |
|---|--|---|
| Fish and fish products                      | 23,203   | 34,701  |
| Animal feed                                 | 29,995   | -   |
| Other material- packing and raw materials   | <u>1,650</u>   | <u>2,589</u>  |
|   | 54,848   | 37,290  |
| Less: allowance for slow moving inventories | (2,052)  | (740)   |
| Goods in transit                            | <u>5</u>   | <u>563</u>  |
|   | <u>52,801</u>  | <u>37,113</u>   |

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 8 INVENTORIES continued

Movement in allowance for slow moving inventories is as follows:

|  | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Audited)</i><br>31 December<br>2018<br>AED'000 |
|--|---|--|
| Balance at the beginning of the period/year      | 740   | 336  |
| Amounts charged to income during the period/year | <u>1,312</u>                                      | <u>404</u>   |
| Balance at the end of the period/year            | <u>2,052</u>                                      | <u>740</u>   |

### 9 CASH AND BANK BALANCES

|  | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Audited)</i><br>31 December<br>2018<br>AED'000 |
|--|---|--|
| Cash on hand   | 299   | 258  |
| Bank balances:   |   |  |
| Current and call accounts                                      | 68,194  | 22,855   |
| Fixed deposits   | 193,184   | 270,437  |
| Adjustment upon application of IFRS 9                          | <u>-</u>  | <u>(54)</u>  |
| <b>Total cash and bank balances</b>                            | <b>261,677</b>                                    | <b>293,496</b>                                     |
| Less: fixed deposits with a maturity of more than three months | <b>(165,019)</b>                                  | <b>(201,724)</b>                                   |
|  | <u>96,658</u>                                     | <u>91,772</u>                                      |

### 10 SHARE CAPITAL

|   | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Audited)</i><br>31 December<br>2018<br>AED'000 |
|---|---|--|
| Authorised issued and fully paid 510 million shares of AED 1 each<br>(31 December 2018: 510 million shares of AED 1 each) | <u>510,000</u>                                    | <u>510,000</u>                                     |

### 11 STATUTORY RESERVE

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 12 LOAN FROM A RELATED PARTY

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

|  | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Audited)</i><br>31 December<br>2018<br>AED'000 |
|--|---|--|
| Loan from a related party - Royal Group (corporate office) | <u>2,785</u>                                      | <u>3,145</u>                                       |

The loan from a related party is unsecured and non-interest bearing. The loan is repayable on a monthly instalments of AED 360 thousand per month.

### 13 RELATED PARTY TRANSACTIONS

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

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

#### 13.1 Transactions

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

|  | <i>Three months period ended</i>                  |   |
|--|---|---|
|  | <i>(Unaudited)</i><br>31 March<br>2019<br>AED'000 | <i>(Unaudited)</i><br>31 March<br>2018<br>AED'000 |
| Sales of fish and fish products          | <u>1,968</u>                                      | <u>1,848</u>                                      |
| Contracting revenue                      | <u>19,553</u>                                     | <u>-</u>  |
| Purchases                                | <u>292</u>  | <u>-</u>  |
| <b>Key management personnel:</b>         |   |   |
| Disposal of 10% interest in a subsidiary | <u>-</u>  | <u>2,000</u>                                      |

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 13 RELATED PARTY TRANSACTIONS continued

#### 13.2 Key management remuneration

|                                    | <i>Three months period ended</i>                                       |  |
|------------------------------------|--|--|
|                                    | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Unaudited)</i><br><i>31 March</i><br><i>2018</i><br><i>AED'000</i> |
| Salaries and employee benefits     | <u>3,548</u>   | <u>3,273</u>   |
| Number of key management personnel | <u>10</u>  | <u>8</u>   |

Loan to a related party of AED 1,200 thousand represents loan to a key management personnel. The loan is non interest bearing.

### 14 BASIC EARNINGS PER SHARE

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

|  | <i>Three months period ended</i>                                       |  |
|--|--|--|
|  | <i>(Unaudited)</i><br><i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>(Unaudited)</i><br><i>31 March</i><br><i>2018</i><br><i>AED'000</i> |
| Profit for the period (AED'000)                    | <u>8,980</u>   | <u>9,507</u>   |
| Weighted average number of shares (shares in '000) | <u>510,000</u>   | <u>510,000</u>   |
| Basic earnings per share for the period (AED)      | <u>0.02</u>  | <u>0.02</u>  |

### 15 CASH AND CASH EQUIVALENTS

|  | <i>(Unaudited)</i>                               |  |
|--|--|--|
|  | <i>31 March</i><br><i>2019</i><br><i>AED'000</i> | <i>31 March</i><br><i>2018</i><br><i>AED'000</i> |
| Total bank balances and cash                                   | 261,677  | 312,272  |
| Less: fixed deposits with a maturity of more than three months | <u>(165,019)</u>                                 | <u>(174,294)</u>                                 |
|  | <u>96,658</u>                                    | <u>137,978</u>                                   |

## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

#### 15 CASH AND CASH EQUIVALENTS continued

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

|  | <i>(Unaudited)</i><br><b>31 March</b><br><b>2019</b><br><b>AED'000</b> | <i>(Unaudited)</i><br><b>31 March</b><br><b>2018</b><br><b>AED'000</b> |
|--|--|--|
| Recognition of right-of-use-asset              | <b>14,139</b>  | -  |
| Recognition of lease liability                 | <b>13,876</b>  | -  |
| Recognition of payable to non-trading supplier | <b>1,071</b>   | -  |

#### 16 CONTINGENT LIABILITIES AND COMMITMENTS

##### 16.1 Contingent liabilities

|                      | <i>(Unaudited)</i><br><b>31 March</b><br><b>2019</b><br><b>AED'000</b> | <i>(Audited)</i><br><b>31 December</b><br><b>2018</b><br><b>AED'000</b> |
|----------------------|--|---|
| Letters of guarantee | <b><u>60,462</u></b>   | <b><u>76,343</u></b>  |
| Letters of credit    | <b><u>4,215</u></b>  | <b><u>26,392</u></b>  |

##### 16.2 Commitments for capital expenditure

|   | <i>(Unaudited)</i><br><b>31 March</b><br><b>2019</b><br><b>AED'000</b> | <i>(Audited)</i><br><b>31 December</b><br><b>2018</b><br><b>AED'000</b> |
|---|--|---|
| Commitments for the purchase of property, plant and equipment | <b><u>36,573</u></b>   | <b><u>44,419</u></b>  |

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 17 SEASONALITY OF RESULTS

No significant income of a seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the three months period ended 31 March 2019 and 2018.

### 18 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.

#### 18.1 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:

| <i>Financial assets</i>   | <i>Fair value as at</i>                  |   | <i>Fair value hierarchy</i> | <i>Valuation techniques and key inputs</i> | <i>Significant unobservable input</i> | <i>Relationship of unobservable inputs to fair value</i>             |
|---|--|---|-----------------------------|--|---------------------------------------|--|
|   | <i>31 March 2019 (unaudited) AED'000</i> | <i>31 December 2018 (audited) AED'000</i> |                             |  |                                       |  |
| Quoted equity investments – financial assets at fair value through other comprehensive income   | <b>1,860</b>                             | 1,787                                     | Level 1                     | Quoted bid prices in an active market.     | None                                  | NA   |
| Unquoted equity investments – financial assets at fair value through other comprehensive income | <b>21,081</b>                            | 21,081                                    | Level 3                     | Discounted cash flow method.               | Net assets value                      | Higher the net assets value of the investees, higher the fair value. |

## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

#### 18 FAIR VALUE MEASUREMENTS continued

##### 18.2 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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|   | <i>Level 1</i><br><i>AED'000</i> | <i>Level 2</i><br><i>AED'000</i> | <i>Level 3</i><br><i>AED'000</i> | <i>Total</i><br><i>AED'000</i> |
|---|----------------------------------|----------------------------------|----------------------------------|--------------------------------|
| <b>31 March 2019 (unaudited)</b>                                  |                                  |                                  |                                  |                                |
| Financial assets at fair value through other comprehensive income |                                  |                                  |                                  |                                |
| Quoted equities   | <b>1,860</b>                     | -                                | -                                | <b>1,860</b>                   |
| Unquoted equities   | <u>-</u>                         | <u>-</u>                         | <b>21,081</b>                    | <b>21,081</b>                  |
| <b>Total</b>  | <b><u>1,860</u></b>              | <b><u>-</u></b>                  | <b><u>21,081</u></b>             | <b><u>22,941</u></b>           |
| <b>31 December 2018 (audited)</b>                                 |                                  |                                  |                                  |                                |
| Financial assets at fair value through other comprehensive income |                                  |                                  |                                  |                                |
| Quoted equities   | 1,787                            | -                                | -                                | 1,787                          |
| Unquoted equities   | <u>-</u>                         | <u>-</u>                         | <b>21,081</b>                    | <b>21,081</b>                  |
| <b>Total</b>  | <b><u>1,787</u></b>              | <b><u>-</u></b>                  | <b><u>21,081</u></b>             | <b><u>22,868</u></b>           |

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 19 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 and trading in fish and seafood products and general trading of foodstuff.
- **Animal Feed:** include sourcing, processing and sales of forage and animal feed to securing the food from milk, meat and poultry industry.
- **Investments** include investments in equity securities, investment in associates and joint ventures, investment properties and term deposits.
- **Contracting** include technical, commercial and contracting services specifically marine work contract, landscaping design and execution, and labour camp management.
- **Others (unallocated)** include head office expenses not allocated to any segment.

|                                 | <i>Fish and fish products</i> |                | <i>Animal feed</i> |                | <i>Investments</i> |                | <i>Contracting</i> |                | <i>Others</i>  |                | <i>Total</i>   |                |
|---------------------------------|-------------------------------|----------------|--------------------|----------------|--------------------|----------------|--------------------|----------------|----------------|----------------|----------------|----------------|
|                                 | <i>Q1 2019</i>                | <i>Q1 2018</i> | <i>Q1 2019</i>     | <i>Q1 2018</i> | <i>Q1 2019</i>     | <i>Q1 2018</i> | <i>Q1 2019</i>     | <i>Q1 2018</i> | <i>Q1 2019</i> | <i>Q1 2018</i> | <i>Q1 2019</i> | <i>Q1 2018</i> |
|                                 | <i>AED'000</i>                | <i>AED'000</i> | <i>AED'000</i>     | <i>AED'000</i> | <i>AED'000</i>     | <i>AED'000</i> | <i>AED'000</i>     | <i>AED'000</i> | <i>AED'000</i> | <i>AED'000</i> | <i>AED'000</i> | <i>AED'000</i> |
| Revenue                         | 100,782                       | 85,235         | 33,204             | 174            | -                  | -              | 56,997             | 27,003         | -              | -              | 190,983        | 112,412        |
| Cost of sales                   | <u>86,441</u>                 | <u>75,500</u>  | <u>29,479</u>      | <u>179</u>     | -                  | -              | <u>49,233</u>      | <u>20,030</u>  | -              | -              | <u>165,153</u> | <u>95,709</u>  |
| Gross profit                    | 14,341                        | 9,735          | 3,725              | (5)            | -                  | -              | 7,764              | 6,973          | -              | -              | 25,830         | 16,703         |
| S&D expenses                    | 5,317                         | 5,967          | 956                | 200            | -                  | -              | -                  | -              | -              | -              | 6,273          | 6,167          |
| G&A expenses                    | 8,690                         | 3,206          | 3,230              | 447            | -                  | -              | 4,455              | 4,863          | 1,630          | 1,277          | 18,005         | 9,793          |
| Other operating income/expenses | <u>(40)</u>                   | -              | <u>(24)</u>        | -              | -                  | -              | -                  | <u>(78)</u>    | -              | -              | <u>(64)</u>    | <u>(78)</u>    |
| EBITDA                          | 374                           | 562            | (437)              | (652)          | -                  | -              | 3,309              | 2,188          | (1,630)        | (1,277)        | 1,616          | 821            |
| Depreciation                    | 864                           | 714            | 503                | 422            | -                  | -              | 33                 | 21             | 2              | -              | 1,402          | 1,157          |
| Investment income               | -                             | -              | -                  | -              | (8,081)            | (8,631)        | -                  | -              | -              | -              | (8,081)        | (8,631)        |
| Other income                    | (5)                           | -              | -                  | -              | -                  | -              | (1,171)            | (1,600)        | -              | -              | (1,176)        | (1,600)        |
| Finance costs                   | <u>27</u>                     | -              | -                  | -              | -                  | -              | <u>176</u>         | <u>10</u>      | <u>4</u>       | -              | <u>207</u>     | <u>10</u>      |
| Profit for the period           | <u>(512)</u>                  | <u>(152)</u>   | <u>(940)</u>       | <u>(1,074)</u> | <u>8,081</u>       | <u>8,631</u>   | <u>4,271</u>       | <u>3,757</u>   | <u>(1,636)</u> | <u>(1,277)</u> | <u>9,264</u>   | <u>9,885</u>   |
| Segment assets                  | 220,121                       | 97,452         | 91,675             | 22,782         | 296,530            | 306,927        | 254,743            | 266,401        | 2,349          | 1,785          | 865,418        | 791,154        |
| Segment liabilities             | 96,673                        | 39,519         | 47,017             | 3,518          | -                  | -              | 114,611            | 120,279        | 3,388          | 4,453          | 261,689        | 204,855        |



## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

#### 20 SUBSEQUENT EVENTS

The Company increased its share in Alliance Food Security Holdings (the “Subsidiary”) from 70% to 80%. Subsequent to 31 March 2019, the Subsidiary increased its capital from AED 20 million to AED 40 million by issuing 20,000 new shares, each at par value of AED 1,000. The Company subscribed in 18,000 shares and a new strategic partner from Japan, Seibu & Co. Inc subscribed for 2,000 shares. The Subsidiary has amended the capital structure as per below percentage:

| <i>Shareholder</i>            | <i>Amount<br/>AED'000</i> | <i>% ownership</i> |
|-------------------------------|---------------------------|--------------------|
| International Holding Company | 32,000                    | 80%                |
| Pacific Leasing LLC           | 4,000                     | 10%                |
| Mr Mamoon Abdullah Ali Othman | 2,000                     | 5%                 |
| Seibu & Co. Inc               | <u>2,000</u>              | <u>5%</u>          |
|                               | <u>40,000</u>             | <u>100%</u>        |

Seibu & Co. Inc contribution amounting to AED 2,000 thousand has been received during the period and is shown as “Advance against issue of shares” under non-controlling interests.

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. The shareholders have approved the transaction in April 2019 and the acquisition is expected to be completed during the second quarter of 2019.