

# **International Holdings Company PJSC**

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

THREE MONTHS PERIOD ENDED 31 MARCH 2020



**Building a better  
working world**

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**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 2020, comprising of the interim consolidated statement of financial position as at 31 March 2020, and the related interim consolidated statements of profit or loss, other 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 are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

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

15 May 2020  
Abu Dhabi

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

		<i>(Unaudited)</i> <b>31 March</b> 2020 <i>AED'000</i>	<i>(Audited)</i> <b>31 December</b> 2019 <i>AED'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	<b>1,276,148</b>	1,220,662
Intangible assets and goodwill		<b>345,762</b>	351,988
Right-of-use assets		<b>91,646</b>	85,666
Investment properties	5	<b>1,400,921</b>	328
Investment in associates and joint ventures	6	<b>191,635</b>	7,331
Financial assets at fair value through other comprehensive income	7	<b>81,000</b>	43,183
Trade and other receivables		<b>338,283</b>	571
Loan to a related party	15.2	<b>1,200</b>	1,200
Deferred tax assets		<b><u>1,298</u></b>	<u>1,143</u>
		<b><u>3,727,893</u></b>	<u>1,712,072</u>
<b>Current assets</b>			
Inventories	9	<b>141,002</b>	137,824
Development work in progress	10	<b>602,479</b>	-
Biological assets		<b>5,221</b>	5,283
Due from related parties	15.3	<b>294,877</b>	200,848
Trade and other receivables		<b>1,363,151</b>	616,937
Cash and bank balances	11	<b><u>1,961,400</u></b>	<u>1,305,185</u>
		<b>4,368,130</b>	2,266,077
Assets held for sale	8	<b><u>818,829</u></b>	<u>-</u>
		<b><u>5,186,959</u></b>	<u>2,266,077</u>
<b>TOTAL ASSETS</b>		<b><u>8,914,852</u></b>	<u>3,978,149</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	<b>1,821,429</b>	1,821,429
Merger reserve		<b>1,406,434</b>	(219,722)
Statutory reserve	14	<b>45,191</b>	45,191
Cumulative changes on revaluation of investments		<b>1,312</b>	8,394
Currency translation reserve		<b>(1,163)</b>	(287)
Retained earnings		<b><u>629,670</u></b>	<u>517,476</u>
<b>Equity attributable to owners of the Company</b>		<b>3,902,873</b>	2,172,481
Non-controlling interests		<b><u>22,880</u></b>	<u>22,428</u>
<b>Total equity</b>		<b><u>3,925,753</u></b>	<u>2,194,909</u>

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

At 31 March 2020

		<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<b>EQUITY AND LIABILITIES</b> continued			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefit		96,116	49,544
Lease liabilities		85,750	76,133
Bank borrowings		1,052,572	326,937
Other long term liabilities		317,435	161,413
Deferred tax liabilities		<u>-</u>	<u>1,599</u>
		<b><u>1,551,873</u></b>	<b><u>615,626</u></b>
<b>Current liabilities</b>			
Due to related parties	15.3	566,000	179,139
Lease liabilities		8,038	8,828
Bank borrowings		186,559	117,935
Trade and other payables		<u>2,676,629</u>	<u>861,712</u>
		<b><u>3,437,226</u></b>	<b><u>1,167,614</u></b>
<b>Total liabilities</b>		<b><u>4,989,099</u></b>	<b><u>1,783,240</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>8,914,852</u></b>	<b><u>3,978,149</u></b>

Chief Financial Officer

Managing Director

Director

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

# International Holdings Company PJSC

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

For the three months period ended 31 March 2020

	<i>Note</i>	<i>Three months period ended 31 March</i>	
		<i>2020</i>	<i>2019</i>
		<i>AED'000</i>	<i>AED'000</i>
Revenue		<b>713,104</b>	190,983
Cost of revenue		<b>(507,717)</b>	(165,153)
<b>Gross profit</b>		<b>205,387</b>	25,830
General and administrative expenses		<b>(72,120)</b>	(19,407)
Selling and distribution expenses		<b>(28,873)</b>	(6,273)
Investment and other income		<b>27,792</b>	9,321
Other expenses		<b>(11,646)</b>	-
Finance costs		<b>(8,508)</b>	(207)
Profit before tax		<b>112,032</b>	9,264
Income tax benefit for the period		<b>186</b>	-
<b>Profit for the period</b>		<b><u>112,218</u></b>	<u>9,264</u>
<b>Attributable to:</b>			
Owners of the Company		<b>112,194</b>	8,980
Non-controlling interests		<b>24</b>	284
<b>Profit for the period</b>		<b><u>112,218</u></b>	<u>9,264</u>
<b>Basic earnings per share (AED)</b>	16	<b><u>0.06</u></b>	<u>0.02</u>

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

# International Holdings Company PJSC

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

For the three months period ended 31 March 2020

	<i>Three months period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>Profit for the period</b>	<b><u>112,218</u></b>	<b><u>9,264</u></b>
<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	(1,095)	(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 through other comprehensive income	<u>(7,082)</u>	<u>73</u>
<b>Total other comprehensive loss</b>	<b><u>(8,177)</u></b>	<b><u>(327)</u></b>
<b>Total comprehensive income for the period</b>	<b><u>104,041</u></b>	<b><u>8,937</u></b>
<b>Attributable to:</b>		
Owners of the Company	104,236	8,773
Non-controlling interests	<u>(195)</u>	<u>164</u>
	<b><u>104,041</u></b>	<b><u>8,937</u></b>

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

# International Holdings Company PJSC

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

For the three months period ended 31 March 2020

	<i>Attributable to equity holders of the Company</i>								
	<i>Share capital</i> AED '000	<i>Merger reserve</i> AED '000	<i>Statutory reserve</i> AED '000	<i>Cumulative changes on revaluation of investments</i> AED '000	<i>Currency translation reserve</i> AED '000	<i>Retained earnings</i> AED '000	<i>Total</i> AED '000	<i>Non controlling-interests</i> AED '000	<i>Total</i> AED '000
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	-	-	-	-	-	-	-	2,000	2,000
Balance at 31 March 2019 (unaudited)	<u>510,000</u>	<u>-</u>	<u>12,820</u>	<u>7,741</u>	<u>(382)</u>	<u>55,624</u>	<u>585,803</u>	<u>17,926</u>	<u>603,729</u>
Balance at 1 January 2020 (audited)	1,821,429	(219,722)	45,191	8,394	(287)	517,476	2,172,481	22,428	2,194,909
Profit for the period	-	-	-	-	-	112,194	112,194	24	112,218
Other comprehensive loss for the period	-	-	-	(7,082)	(876)	-	(7,958)	(219)	(8,177)
Total comprehensive income (loss) for the period	-	-	-	(7,082)	(876)	112,194	104,236	(195)	104,041
Acquisition of associate (note 6)	-	54,750	-	-	-	-	54,750	-	54,750
Business combination of entities under common control (note 12)	-	1,571,406	-	-	-	-	1,571,406	647	1,572,053
Balance at 31 March 2020 (unaudited)	<u>1,821,429</u>	<u>1,406,434</u>	<u>45,191</u>	<u>1,312</u>	<u>(1,163)</u>	<u>629,670</u>	<u>3,902,873</u>	<u>22,880</u>	<u>3,925,753</u>

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

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 31 March 2020

	<i>Three months period ended 31 March</i>	
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	112,032	9,264
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use asset	20,322	1,298
Amortisation of intangible assets	14,030	-
Depreciation of investment properties	12,806	103
Amortisation of biological asset	1,512	-
Share of profit from investment in associates and joint ventures	(13,524)	(1,433)
Write off of biological assets	87	-
Impairment of property, plant and equipment	2,347	-
Change in fair value of biological assets	(8)	-
Provision for employees' end of service indemnity	22,523	1,743
Gain on disposal of property, plant and equipment	(42)	(36)
Allowance for slow moving inventories	314	1,312
Allowance for expected credit losses	24,220	460
Interest and dividend income	(7,297)	(6,648)
Finance costs	<u>8,508</u>	<u>207</u>
<b>Operating cash flows before changes in operating assets and liabilities</b>	<b>197,830</b>	<b>6,270</b>
Decrease in inventories	20,494	12,749
(Increase) decrease in biological assets	(1,530)	10
(Increase) decrease in due from related parties	(75,193)	8,059
Increase in trade and other receivables	(21,532)	(40,787)
Increase in development work in progress	(2,904)	-
Increase in due to related parties	371,386	2,786
Increase in other long term liabilities	156,022	-
Decrease in trade and other payables	<u>(40,225)</u>	<u>(12,348)</u>
Cash generated from (used in) operations	<b>604,348</b>	<b>(23,261)</b>
Employees' end of service indemnity paid	(2,386)	(1,725)
Finance costs paid	<u>(3,996)</u>	<u>(207)</u>
Net cash generated from (used in) operating activities	<u><b>596,966</b></u>	<u><b>(25,193)</b></u>
<b>INVESTING ACTIVITIES</b>		
(Increase) decrease in fixed deposits	(593)	36,706
Additions to property, plant and equipment	(22,404)	(15,005)
Additions to intangible assets	(955)	-
Proceeds from sale of property, plant and equipment	43	36
Additions to assets held for sale	(6,114)	-
Net cash outflow on acquisition of investments	(12,216)	(7,519)
Additions to investment properties	(220,147)	-
Dividends received from associates and joint ventures	3,035	-
Business combination of entities under common control	309,128	-
Interest and dividends received	<u>7,297</u>	<u>-</u>
Net cash generated from investing activities	<u><b>57,074</b></u>	<u><b>14,218</b></u>
<b>FINANCING ACTIVITIES</b>		
Net repayment (proceeds) from bank borrowings	(28)	7,964
Repayment of loan from related parties	-	(360)
Net movement in non-controlling interest	428	8,657
Lease rentals paid	<u>(356)</u>	<u>-</u>
Net cash generated from financing activities	<u><b>44</b></u>	<u><b>16,261</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		
	<b>655,084</b>	<b>5,286</b>
Cash and cash equivalents at beginning of the period	<b>1,284,853</b>	<b>91,772</b>
Effect of foreign exchange rate changes	<u>538</u>	<u>(400)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b> (note 11)	<u><b>1,940,475</b></u>	<u><b>96,658</b></u>

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

# International Holdings Company PJSC

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (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 registered office of the Company is P.O. Box 32619, Abu Dhabi, United Arab Emirates.

These interim condensed consolidated financial statements include the results of operations and financial position of International Holdings Company PJSC (the “Company”) and its subsidiaries, associates and joint ventures (the “Group”). 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,
- importing, maintaining, trading and other services relating to marine machinery and equipments, and
- controls, general contacting and other associated business.

In addition, the Group acquired new entities during the period, which has activities of development, management and sale of real estate properties, importing, maintaining and trading of marine machineries and equipments, operating medical laboratories and distributing medical devices.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 15 May 2020.

### 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 include all information and disclosures required in the annual consolidated 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 2019. In addition, results for the period ended 31 March 2020 are not necessarily indicative of the results for the year ending 31 December 2020.

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 fair value.

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

# International Holdings Company PJSC

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 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 Group:

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

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date when the Group 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 2020 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

Details of Company's subsidiaries as at 31 March 2020 and 31 December 2019 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2020</i>	<i>2019</i>
Alliance Foods Company LLC	United Arab Emirates	Trading, processing and packing of seafood products.	100%	100%
Alliance Food Security Holdings LLC	United Arab Emirates	General trading, importing, exporting, storing in public store houses, commercial brokers and storekeepers and warehouses management and operations. Wholesale of fodder trading canned and preserved foodstuff trading, frozen foodstuff trading and agriculture foodstuff trading.	80%	80%
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	80%	80%
Forrajes San Mateo S.L.U.	Spain	Trading and production of animal feed	80%	80%
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%	50%
PAL Cooling Holding LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Cooling Services LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2020 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2020</i>	<i>2019</i>
PAL Tamouh Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Danat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Saraya Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Najamat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL 4 Reem Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
Al Ajban Poultry LLC	United Arab Emirates	Rearing, hatching, feed processing and sale of poultry products.	100%	100%
Palms Sports LLC	United Arab Emirates	Providing sport enterprises investment, institution and management.	100%	100%
Zee Stores LLC	United Arab Emirates	Trading and import of fresh consumables, canned, preserved and frozen foods.	100%	100%
Cine Royal Cinema LLC	United Arab Emirates	Establishment, management services, sale of food and cafeteria items and cinema shows.	100%	100%
Shuaa Securities LLC	United Arab Emirates	Share brokerage services.	100%	100%
Trust International Group LLC	United Arab Emirates	Sale of spare parts and repairs for military equipment.	100%	100%
Al Tamouh Investments Company LLC*	United Arab Emirates	Development, management and sale of real estate properties.	100%	-
Al Seer Marine Supplies and Equipment Company LLC*	United Arab Emirates	Importing, maintaining and trading of marine machinery and equipment.	100%	-
Paragon Malls LLC**	United Arab Emirates	Ownership and leasing of retail property	100%	-
TSL Properties LLC**	United Arab Emirates	Development project ownership, sales and leasing	100%	-
Eltizam Asset Management LLC**	United Arab Emirates	Services management holding company	100%	-
Tafawuq Facilities Management LLC**	United Arab Emirates	Facilities management services	100%	-
Tafawuq Facilities Management Co LLC**	Oman	Facilities management services	70%	-

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2020 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<b>2020</b>	<i>2019</i>
ThreeSixty Communities Estate LLC**	United Arab Emirates	Owner association management	<b>100%</b>	-
ThreeSixty Communities Management for Owners Associations LLC**	United Arab Emirates	Owner association management	<b>100%</b>	-
ThreeSixty Energy LLC**	United Arab Emirates	Utility billing and collection services	<b>100%</b>	-
ThreeSixty Leisure and Event Management LLC**	United Arab Emirates	Organisation and management of events	<b>100%</b>	-
ThreeSixty Remax Real Estate Brokerage**	United Arab Emirates	Real estate brokerage services	<b>100%</b>	-
Three Sixty Brokerage Estate - Sole Proprietorship LLC**	United Arab Emirates	Real estate brokerage services	<b>100%</b>	-
Three Sixty Communities Estate LLC**	Oman	Owner association management	<b>70%</b>	-
Wadi Adventures LLC**	United Arab Emirates	Adventure Park	<b>100%</b>	-
Green Mubazzarah Chalets LLC**	United Arab Emirates	Resort and furnished residences leasing	<b>100%</b>	-
Tamouh Hotels and Resorts LLC**	United Arab Emirates	Management and operation of hotels and hotel apartments	<b>100%</b>	-
Tamouh Healthcare LLC**	United Arab Emirates	Ownership of medical facilities	<b>100%</b>	-
Tamouh National Contracting LLC**	United Arab Emirates	Building projects contracting	<b>51%</b>	-
Arch Models Abu Dhabi LLC**	United Arab Emirates	Designing and constructing architectural models	<b>60%</b>	-
Tamouh Integrated Business Services LLC**	United Arab Emirates	Resort and furnished residences leasing	<b>100%</b>	-

\* During the period, the Group acquired 100% ownership interest in these entities (note 12).

\*\* These entities are subsidiaries of Al Tamouh Investments Company LLC, an entity acquired by the Group during the period.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 New standards, interpretations and amendments adopted by the Group

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 2019, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting\*

\* The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

In addition to the accounting policies applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019, the Group has adopted following accounting policies in the preparation of the interim condensed consolidated financial statements due to acquisition of new subsidiaries during the period.

#### **Development work in progress**

Development work in progress consists of property being developed principally for sale and is stated at the lower of cost and net realisable value. Cost comprises all direct costs attributable to the design and construction of the property and, where applicable, the cost of land upon which the property is being developed. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

#### **Deferred revenue**

Revenue related to infrastructure development in respect of land sold is deferred and is recognised when the related infrastructure development is complete in accordance with the terms of the underlying construction contract and where the Group's obligations under the applicable sale and purchase agreement contract have been met.

#### **Sale of properties**

Consideration for the sale of land generally includes the provision of infrastructure necessary for development. The amount of revenue attributable to such infrastructure development is deferred and recognised only upon its completion. All infrastructure related costs incurred until completion are included in development work in progress or investment properties under development, as appropriate, and are recognised as direct costs when the related revenue is recognised. The amount of revenue deferred in relation to the provision of infrastructure is determined by estimating the related construction cost, plus a margin based on normal commercial principles.

#### **Government grants**

Government grants received by the Group in relation to non-monetary assets such as land and other resources are accounted for at nominal value.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### 3.2 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 Group'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 2019, except for the following significant estimates and judgements, which management has applied due to acquisition of new subsidiaries during the period.

##### *Estimation of net realisable value for inventory and development work in progress*

Development work in progress is stated at lower of cost and net realisable value ("NRV"). NRV is assessed with reference to expected sale prices, costs of completion, advances received and market conditions existing at the end of the reporting period.

##### *Classification of properties*

In the process of classifying projects during construction, management applies judgment to determine whether they should be investment properties under development or development work-in-progress. Subsequently management reassesses the intended use of the properties based on which these are classified as investment properties or inventories. The Group develops criteria so that it can exercise that judgment consistently in accordance with the definitions of the respective categories. In making its judgment, management considered the detailed criteria and related guidance for the classification of properties as set out in IAS 2 and IAS 40, in particular, the intended usage of the assets at that time.

##### *Allocation of development costs*

The allocation of project development costs between development work in progress and investment properties under development is based on management's analysis of the utilization of resources over the period of development.

##### *Contract claims*

Certain customers or vendors have filed claims for compensation arising from delays and/or scope changes. Whilst the Group has been able to agree on an amicable settlement mechanism in the majority of such cases, some parties have sought refunds and/or compensation, which are not in accordance with the respective agreements. Management has made estimates to settle all legal claims initiated against the Group as at 31 March 2020. Such claims, even if accepted by the Courts, would not have a material effect on the interim consolidated statement of financial position, given the provisions recorded in accruals and other liabilities as well as the fact that advances from customers are already reflected as liabilities until the unequivocal completion or settlement of the underlying transaction.

##### *Infrastructure costs*

The Group estimates total development and infrastructure costs required to complete infrastructure work on its land. Management reviews the estimated infrastructure costs at the end of each annual reporting period and adjusts for any underlying assumptions which may have changed.

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

#### 3.2 Significant accounting estimates and judgements continued

##### *Revenue recognition on real estate contracts*

The Group uses the input method to recognise revenue on the basis of entity's efforts or inputs to the satisfaction of a performance obligation in accounting for its construction contracts. This is done by measuring the costs incurred to date relative to the total expected costs to be incurred (forecast final costs).

At each reporting date, the Group is required to estimate stage of completion and costs to complete on its construction contracts. These estimates require the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates also include the cost of potential claims by subcontractors and the cost of meeting other contractual obligations to the customers. Effects of any revision to these estimates are reflected in the year in which the estimates are revised. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised immediately, as soon as foreseen, whether or not work has commenced on these contracts.

### 4 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 20,569 thousand (three month period ended 31 March 2019: AED 27,855 thousand), excluding property, plant and equipment acquired through business combinations (note 12) and depreciation and impairment charge for the three month period ended 31 March 2020 amounted to AED 19,725 thousand (three month period ended 31 March 2019: AED 1,173 thousand).

### 5 INVESTMENT PROPERTIES

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Land	135,213	-
Buildings	68,415	68,415
Leased properties	1,613,558	-
Under development	<u>211,608</u>	<u>-</u>
	<b><u>2,028,794</u></b>	<b><u>68,415</u></b>
Less: Accumulated depreciation and impairment loss	<u>(627,873)</u>	<u>(68,087)</u>
	<b><u>1,400,921</u></b>	<b><u>328</u></b>

During the period, additions to investment properties amounted to AED 220,147 thousand (three month period ended 31 March 2019: nil), excluding investment properties acquired through business combinations (note 12) and depreciation charge for the three month period ended 31 March 2020 amounted to AED 12,806 thousand (three month period ended 31 March 2019: AED 103 thousand).

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 5 INVESTMENT PROPERTIES continued

Movement in accumulated depreciation and impairment loss is as follows:

	<i>(Unaudited)</i> <b>31 March</b> <b>2020</b> <b>AED'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2019</b> <b>AED'000</b>
At the beginning of the period / year	<b>68,087</b>	67,673
Acquired in business combinations	<b>546,980</b>	-
Charge for the period / year	<b><u>12,806</u></b>	<u>414</u>
At the end of the period / year	<b><u>627,873</u></b>	<u>68,087</u>

Management believes that the fair value of the investment properties did not materially change during the three month period ended 31 March 2020. Details of the investment properties acquired in business combination is as follows;

#### Land

Land acquired through business combinations is located in the United Arab Emirates.. A market based valuation, suggests that the fair value of that land is approximately AED 3.4 billion at 31 December 2019. The inputs used in the valuation are not based on observable market data and thus the valuation techniques were considered to be Level 3 fair value measurement (note 19).

#### Leased properties

The fair value of the leased properties acquired in business combinations, as at 31 December 2019 amounted to AED 1.22 billion. The fair value of income producing properties was determined using the income capitalisation approach having regard to market rental values and transactional evidence. In estimating the fair value of the properties, the highest and best use of the properties was considered as their current use. The inputs used in the valuation were not based on observable market data and thus the valuation techniques were considered to be Level 3 fair value measurement.

#### Properties under development

Investment properties under development, acquired in business combinations, comprise real estate projects in the Emirate of Abu Dhabi which are in the process of construction and development primarily on Al Reem Island.

### 6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

<i>Name of entity</i>	<i>Principal Activities</i>	<i>Place of incorporation and operation</i>	<i>Ownership interest</i>	
			<b>2020</b>	<b>2019</b>
<i>Associates</i> Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	U.A.E.	<b>47%</b>	47%
Tafseer Contracting & General Maintenance Company LLC*	Real estate enterprise investment, development, institution and management.	U.A.E	<b>20%</b>	20%
Pure Health Medical Supplies LLC**	Operating medical laboratories and distributing medical supplies	U.A.E	<b>31.5%</b>	-

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

<i>Name of entity</i>	<i>Principal activities</i>	<i>Place of incorporation and operation</i>	<i>Ownership interest</i>	
			<i>2020</i>	<i>2019</i>
<i>Joint ventures</i>				
Lazio Real Estate Investment LLC***	Real estate enterprise investment, development, institution and management	U.A.E.	<b>65%</b>	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	U.A.E.	<b>65%</b>	65%
Bunya LLC****	Real estate enterprise	U.A.E	<b>34%</b>	-

\* Tafseer Contracting & General Maintenance Company LLC, an associate, is under liquidation. As at 31 March 2020, the carrying amount of the investments is Nil (31 December 2019: Nil).

\*\* During the period, the Group acquired 31.5% ownership in Pure Health Medical Supplies LLC for a total consideration of AED 1. There was no contingent consideration included in the purchase price of the associate. During the three months period ended 31 March 2020, share of profits from the newly acquired associate amounted to AED 13,614 thousand.

The transaction is an acquisition of an associate under common control given that the Company and the associate are ultimately controlled by the same party before and after the acquisition. The acquisition has been accounted for in the interim condensed consolidated financial statements using the pooling of interest method, and accordingly, the Group recognised the investment in associate based on its carrying value on the date of acquisition of AED 54,750 thousand. The Group recognised the excess of the carrying value over the consideration paid within merger reserve.

\*\*\* During 2018, the directors of Lazio Real Estate Investment LLC, a joint venture, has elected to liquidate the joint venture. As at 31 March 2020, carrying amount of the investments is AED 0.2 million (31 December 2019: AED 0.2 million). The liquidation process is still on going.

\*\*\*\* During the period, Bunya LLC become joint venture of the Group due to the acquisition of Al Tamouh Investments Company LLC. Bunya LLC (“Bunya”), is a venture jointly formed by Al Tamouh Investments Company LLC and two other parties (“the Venturers”), for the development of infrastructure on Reem Island in the Emirate of Abu Dhabi.

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

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
At the beginning of the period / year	<b>7,331</b>	12,928
Acquired in business combinations (note 12)	<b>119,065</b>	-
Acquisition of associate under common control	<b>54,750</b>	-
Disposal during the period / year	-	(3,864)
Share of the Group’s profit for the period / year	<b>13,524</b>	4,776
Dividend received during the period / year	<b><u>(3,035)</u></b>	<u>(6,509)</u>
At the end of the period / year	<b><u>191,635</u></b>	<u>7,331</u>

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

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

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Financial assets at fair value through other comprehensive income		
Quoted	<b>39,943</b>	2,127
Unquoted	<b><u>41,057</u></b>	<u>41,056</u>
Total	<b><u>81,000</u></b>	<u>43,183</u>
In U.A.E. markets	<b><u>81,000</u></b>	<u>43,183</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 significant change in fair value between 31 December 2019 and 31 March 2020.

Movement in financial assets at fair value is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At the beginning of the period / year	<b>43,183</b>	22,868
Acquired in business combinations (note 12)	<b>32,684</b>	-
Investments acquired during the period / year	<b><u>12,215</u></b>	<u>19,589</u>
	<b>88,082</b>	42,457
Net fair value (loss) gain on investments at FVTOCI during the period / year	<b><u>(7,082)</u></b>	<u>726</u>
At the end of the period / year	<b><u>81,000</u></b>	<u>43,183</u>

### 8 ASSETS HELD FOR SALE

Assets held for sale represents the costs of projects under construction that are committed to be sold under sale and purchase agreements. The movement during the period is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Acquired in business combinations, net of provision for impairment (note 12)	<b>812,715</b>	-
Additions during the period	<b><u>6,114</u></b>	<u>-</u>
	<b><u>818,829</u></b>	<u>-</u>

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 9 INVENTORIES

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Fish and fish products	43,033	44,328
Animal feed	50,436	58,940
Food and non-food items	14,546	6,213
Properties	10,145	-
Poultry products	4,857	3,889
Other finished goods	5,100	4,749
Packing and raw material	10,306	9,093
Spares and consumables	<u>6,038</u>	<u>751</u>
	<b>144,461</b>	127,963
Less: allowance for slow moving inventories	(3,459)	(2,430)
Goods in transit	<u>-</u>	<u>12,291</u>
	<b><u>141,002</u></b>	<b><u>137,824</u></b>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At the beginning of the period / year	2,430	740
Acquired in business combinations	715	1,444
Change for the period / year	<u>314</u>	<u>246</u>
At the end of the period / year	<b><u>3,459</u></b>	<b><u>2,430</u></b>

### 10 DEVELOPMENT WORK IN PROGRESS

Development work in progress represents development and construction costs incurred on properties being constructed for sale. The movement during the period is as follows:

	<i>(Unaudited)</i> 31 March 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Acquired in business combinations	957,131	-
Additions during the period / year	2,904	-
Depreciation capitalised	49	-
Transferred to inventories	<u>(12,451)</u>	<u>-</u>
	<b>947,633</b>	-
Less: impairment provision acquired in business combinations	<u>(345,154)</u>	<u>-</u>
<b>Closing balance</b>	<b><u>602,479</u></b>	<b><u>-</u></b>

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 11 CASH AND BANK BALANCES

	<i>(Unaudited)</i> <b>31 March</b> <b>2020</b> <b>AED'000</b>	<i>(Audited)</i> <b>31 December</b> <b>2019</b> <b>AED'000</b>
Cash on hand	<b>5,359</b>	1,164
<i>Bank balances:</i>		
Current and call accounts	<b>1,480,421</b>	1,134,068
Term deposits	<b>475,627</b>	170,007
Less: allowance for expected credit loss	<u><b>(7)</b></u>	<u>(54)</u>
Cash and bank balances	<b>1,961,400</b>	1,305,185
Less: fixed deposits with an original maturity of more than three months	<u><b>(20,925)</b></u>	<u>(20,332)</u>
Cash and cash equivalents	<u><b>1,940,475</b></u>	<u>1,284,853</u>

Cash and cash equivalents as at 31 March 2019 (unaudited) amounted to AED 96,658 thousand.

### 12 BUSINESS COMBINATIONS

The acquisition during the period of entities mentioned below are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as it is business combination of entities under common control given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the interim condensed consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. The Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

#### **Al Tamouh Investments Company LLC**

On 1 January 2020, the Group acquired 100% shares in Al Tamouh Investments Company LLC and its subsidiaries ("Al Tamouh") for nil consideration. Al Tamouh is based in Abu Dhabi, United Arab Emirates and is involved in development of real estate, which includes land and infrastructure development, property development for sale or lease, property and facilities management as well as an adventure park. From the date of acquisition, Al Tamouh contributed revenue and profit to the Group amounting to AED 198,572 thousand and AED 56,022 thousand, respectively.

#### **Al Seer Marine Supplies and Equipment Company LLC**

On 1 January 2020, the Group acquired 100% shares in Al Seer Marine Supplies and Equipment Company LLC ("Al Seer Marine") for nil consideration. Al Seer Marine is based in Abu Dhabi, United Arab Emirates and is involved in importing, maintaining and trading of marine machinery and equipment, boats repairing and trading, trading in marine transportation spare parts, trading in factories preparation equipment, machinery and accessories thereof and repair and maintenance of light and heavy marine equipment, wholesale of spare parts and section trading of ships and boats, retail sale of ships and boats, retail sale of airplanes spare parts and its components, ships management and operations and yachts management and running. From the date of acquisition, Al Seer Marine contributed revenue and profit to the Group amounting to AED 122,422 thousand and AED 11,712 thousand, respectively.

## International Holdings Company PJSC

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

#### 12 BUSINESS COMBINATIONS continued

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

	<i>Al Tamouh</i> <i>AED'000</i>	<i>Al Seer Marine</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b>Assets</b>			
Property and equipment	17,747	36,475	54,222
Intangible assets	6,849	-	6,849
Right-of-use assets	-	8,973	8,973
Investment properties	1,193,716	-	1,193,716
Investment in joint ventures	119,065	-	119,065
Financial assets at fair value through other comprehensive income	32,684	-	32,684
Assets held for sale	812,715	-	812,715
Inventories	9,951	1,120	11,071
Development work in progress	611,977	-	611,977
Due from related parties	-	18,264	18,264
Trade and other receivables	820,959	266,225	1,087,184
Cash and bank balances	<u>163,448</u>	<u>145,680</u>	<u>309,128</u>
	<b><u>3,789,111</u></b>	<b><u>476,737</u></b>	<b><u>4,265,848</u></b>
<b>Liabilities</b>			
Provision for employees' end of service benefit	16,514	9,921	26,435
Bank Borrowings	789,775	-	789,775
Lease liabilities	-	9,182	9,182
Due to related parties	-	15,475	15,475
Trade and other payables	<u>1,657,731</u>	<u>195,844</u>	<u>1,853,575</u>
	<b><u>2,464,020</u></b>	<b><u>230,422</u></b>	<b><u>2,694,442</u></b>
Proportionate share of identifiable net assets acquired	1,325,091	246,315	1,571,406
Consideration paid	<u>-</u>	<u>-</u>	<u>-</u>
Merger reserve	<b><u>1,325,091</u></b>	<b><u>246,315</u></b>	<b><u>1,571,406</u></b>

#### 13 SHARE CAPITAL

	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
<b><i>Authorised issued and fully paid</i></b>		
1,821 million shares of AED 1 each		
(31 December 2019: 1,821 million shares of AED 1 each)	<b><u>1,821,429</u></b>	<b><u>1,821,429</u></b>

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 14 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.

### 15 RELATED PARTY TRANSACTIONS

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

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

#### 15.1 Transactions

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

	<i>Three months period ended</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenue	<u>92,795</u>	<u>19,553</u>
Cost of sales	<u>8,145</u>	<u>292</u>
Expenses	<u>2,166</u>	<u>-</u>
Interest and other income	<u>2,802</u>	<u>-</u>

Refer to note 12 for business combinations acquired during the period under common control.

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

#### 15.2 Key management remuneration

	<i>Three months period ended</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>
Salaries and employee benefits	<u>4,819</u>	<u>3,548</u>
Number of key management personnel	<u>15</u>	<u>10</u>

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 15 RELATED PARTY TRANSACTIONS continued

#### 15.3 Balances

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

	<i>(Unaudited)</i> <b>31 March</b> 2020 <i>AED'000</i>	<i>(Audited)</i> <b>31 December</b> 2019 <i>AED'000</i>
<i>Due from related parties (entities under common control):</i>		
Pal Technology Services LLC	<b>50,600</b>	34,306
Chimera Investments LLC	<b>33,810</b>	-
Meena Palace LLC	<b>31,870</b>	25,752
Royal Group – Corporate Office	<b>15,016</b>	1,582
Trojan General Contracting LLC	<b>23,731</b>	-
RG Procurement RSC LTD	<b>13,029</b>	15,170
Reem Emirates Aluminum LLC	<b>5,967</b>	-
Pal Group of Companies	<b>7,902</b>	3,306
AFKAR Financial & Property Investment LLC	-	21,765
Affiliates	<b>67,470</b>	59,691
Others	<b>46,893</b>	40,581
Allowance for expected credit loss	<b><u>(1,411)</u></b>	<b><u>(1,305)</u></b>
	<b><u>294,877</u></b>	<b><u>200,848</u></b>
<i>Due to related parties (entities under common control):</i>		
Trojan General Contracting LLC	<b>282,600</b>	27,415
Infinity TV FZ LLC	<b>81,369</b>	-
Bunya Enterprises LLC	<b>75,627</b>	-
Pal Technology Services LLC	<b>12,503</b>	10,045
National Projects and Construction L.L.C	<b>10,475</b>	9,743
Al Maha Modular Industries LLC	<b>6,512</b>	6,512
Power House Group for Company Management LLC	<b>8,867</b>	-
Royal Group Management LLC	<b>6,210</b>	2,611
Abu Dhabi Mountain Gate Property Investment LLC	<b>4,787</b>	-
Toshiba Elevator Middle East LLC	<b>4,121</b>	-
Al Tamouh Investments Company LLC	-	15,673
Others	<b><u>72,929</u></b>	<b><u>107,140</u></b>
	<b><u>566,000</u></b>	<b><u>179,139</u></b>

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 16 BASIC EARNINGS PER SHARE

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

	<i>Three months period ended</i>	
	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2019</i> <i>AED'000</i>
Profit attributable to owners of the Company (AED'000)	<u>112,194</u>	<u>8,980</u>
Weighted average number of shares (shares in '000)	<u>1,821,429</u>	<u>510,000</u>
Basic earnings per share for the period (AED)	<u>0.06</u>	<u>0.02</u>

### 17 CONTINGENT LIABILITIES AND COMMITMENTS

#### 17.1 Contingent liabilities

	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
Letters of guarantee	<u>654,417</u>	<u>173,376</u>
Letters of credit	<u>48,722</u>	<u>55,254</u>

#### 17.2 Commitments

	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
Commitments for capital expenditures	<u>334,680</u>	<u>205,268</u>
Commitments for business acquisitions	<u>193,000</u>	<u>-</u>

### 18 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the three months period ended 31 March 2020 and 31 March 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
31 March 2020 (Unaudited)

**19 FAIR VALUE MEASUREMENT**

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable and gives information about how the fair value of these financial assets are determined

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

<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 2020 (unaudited)</i>	<i>31 December 2019 (audited)</i>				
	<i>AED'000</i>	<i>AED'000</i>				
Quoted equity investments – financial assets at fair value through other comprehensive income	<b>39,943</b>	2,127	Level 1	Quoted bid prices in an active market.	None	Not applicable
Unquoted equity investments – financial assets at fair value through other comprehensive income	<b>41,057</b>	41,056	Level 3	Discounted cash flow method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Biological assets*	<b>1,127</b>	1,206	Level 2	Significant observable inputs	None	Not applicable

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.

\* As of 31 March 2020, and 31 December 2019, biological assets include nursery plants which are carried at fair value and chicken livestock which is carried at cost.

Fair value of nursery plants is determined based on current market prices of similar type of assets. There are no quoted market prices for chicken livestock in the Gulf Cooperation Council, and alternatives for measuring fair value are determined by management to be unverifiable. Accordingly, the cost of parent chicken, determined on the basis of monthly average expenditure, comprises purchase price of the day old chicken (“DOC”) and all expenses incurred in bringing the DOCs to the farm from overseas, together with costs such as feed costs, incurred in rearing and maintaining the flock until the egg production commences.

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2020 (Unaudited)

### 19 FAIR VALUE MEASUREMENT continued

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

#### Fair value of the Group's assets that are measured at historical cost

The following table shows the analysis of the fair value of assets measured and disclosed at historical cost:

	<i>Fair value as at</i>					
	<i>31 March</i>	<i>31 December</i>				
	<i>2020</i>	<i>2019</i>				
	<i>(unaudited)</i>	<i>(audited)</i>	<i>Fair value</i>	<i>Valuation</i>	<i>Significant</i>	<i>Relationship of</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>hierarchy</i>	<i>techniques and key</i>	<i>unobservable</i>	<i>unobservable</i>
				<i>inputs</i>	<i>input</i>	<i>inputs to fair</i>
						<i>value</i>
Investment properties, excluding properties under development	4,609,365	14,000	Level 3	Various (discounted cash flow method, income capitalization approach)	Net assets value, rental values	Higher the net assets value of the investees, higher the fair value.

### 20 SEGMENTAL ANALYSIS

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

**Utilities** includes the installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.

**Real estate** includes technical, commercial and contracting services specifically marine work contract, landscaping design and execution, labour camp management and sale of properties.

**Digital** includes providing services with respect to sport enterprises investment, institution, management services, sale of food and cafeteria items and cinema shows.

**Industrial** includes sale of spare parts and repairs for military equipment.

**Food** belongs to IHC food vertical includes freezing fish and seafood, preparing and packing food products, trading in general trading of foodstuff. It also includes sourcing, processing and sales of forage and animal feed to securing the food from milk, meat and poultry industry.

**Capital** belongs to IHC capital vertical includes brokerage services provided with respect to securities.

**Others** (unallocated) includes head office expenses and income not allocated to any segment.

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2020 (Unaudited)

### 20 SEGMENTAL ANALYSIS continued

	<i>Utilities</i>		<i>Real estate</i>		<i>Digital</i>		<i>Industrial</i>		<i>Food</i>		<i>Capital</i>		<i>Others</i>		<i>Total</i>	
	<i>31 March 2020</i>	<i>31 March 2019</i>	<i>31 March 2020</i>	<i>March 2019</i>												
	<i>AED '000</i>	<i>AED '000</i>														
Revenue	42,838	-	220,984	56,997	87,017	-	134,308	-	222,689	133,986	5,268	-	-	-	713,104	190,983
Cost of sales	(18,624)	-	(123,748)	(49,233)	(58,159)	-	(112,710)	-	(194,476)	(115,920)	-	-	-	-	(507,717)	(165,153)
<b>Gross profit</b>	<b>24,214</b>	<b>-</b>	<b>97,236</b>	<b>7,764</b>	<b>28,858</b>	<b>-</b>	<b>21,598</b>	<b>-</b>	<b>28,213</b>	<b>18,066</b>	<b>5,268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>205,387</b>	<b>25,830</b>
S&D expenses	-	-	(6,724)	-	(1,002)	-	-	-	(12,947)	(6,273)	-	-	(8,200)	-	(28,873)	(6,273)
G&A expenses	(5,088)	-	(21,836)	(4,487)	(10,206)	-	(12,659)	-	(13,509)	(13,287)	(4,096)	-	(4,726)	(1,632)	(72,120)	(19,406)
<b>Operating profit (loss)</b>	<b>19,126</b>	<b>-</b>	<b>68,676</b>	<b>3,277</b>	<b>17,650</b>	<b>-</b>	<b>8,939</b>	<b>-</b>	<b>1,757</b>	<b>(1,494)</b>	<b>1,172</b>	<b>-</b>	<b>(12,926)</b>	<b>(1,632)</b>	<b>104,394</b>	<b>151</b>
Investment income	-	-	4,533	8,033	713	-	-	-	-	-	15,674	-	(9)	46	20,911	8,079
Other income/expense	-	-	2,850	1,171	958	-	(11,550)	2,681	65	296	-	-	-	5	(4,765)	1,241
Finance costs	(3,290)	-	(4,008)	(176)	(1,015)	-	(68)	(665)	(27)	(180)	-	-	718	(4)	(8,508)	(207)
Income tax	-	-	-	-	-	-	-	186	-	-	-	-	-	-	186	-
<b>Profit (loss) for the period</b>	<b>15,836</b>	<b>-</b>	<b>72,051</b>	<b>12,305</b>	<b>18,306</b>	<b>-</b>	<b>(2,679)</b>	<b>-</b>	<b>3,959</b>	<b>(1,456)</b>	<b>16,962</b>	<b>-</b>	<b>(12,217)</b>	<b>(1,585)</b>	<b>112,218</b>	<b>9,264</b>
Add: depreciation and amortisation	7,208	-	15,600	-	4,321	-	2,958	-	6,588	-	205	-	11,790	-	48,670	-
Add: finance costs	3,290	-	4,008	176	1,015	-	68	-	665	27	180	-	(718)	4	8,508	207
Less: income tax	-	-	-	-	-	-	-	-	(186)	-	-	-	-	-	(186)	-
<b>EBITDA</b>	<b>26,334</b>	<b>-</b>	<b>91,659</b>	<b>12,481</b>	<b>23,642</b>	<b>-</b>	<b>347</b>	<b>-</b>	<b>11,026</b>	<b>(1,429)</b>	<b>17,347</b>	<b>-</b>	<b>(1,145)</b>	<b>(1,581)</b>	<b>169,210</b>	<b>9,471</b>
	<i>31 March 2020</i>	<i>31 December 2019</i>														
	<i>AED '000</i>	<i>AED '000</i>														
Segment assets	1,011,799	964,043	4,181,250	561,534	394,865	397,665	718,113	206,035	841,779	848,131	1,300,199	684,435	466,847	316,305	8,914,852	3,978,148
Segment liabilities	525,467	493,547	2,325,597	103,023	117,328	138,434	321,810	53,370	333,340	343,651	1,092,756	548,704	272,801	102,511	4,989,099	1,783,240

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### **21 IMPACT OF COVID 19**

The outbreak of novel coronavirus (COVID-19) continues to progress and evolve, causing disruption to business and economic activity. During the period, there has been macro economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. As per internal assessment made by management, there is no material financial impact of COVID-19 on the Group's businesses for the three month period ended 31 March 2020, as the severity hit UAE by mid March 2020.

As the situation is fluid and rapidly evolving, management does not consider it practical to provide a quantitative estimate of the potential impact of this outbreak on the Group's interim condensed consolidated financial statements at this stage.

### **22 SUBSEQUENT EVENTS**

On 18 March 2020, the Group's Board of Directors resolved to approve the acquisition of the following entities:

- (i) Dashing International Group LLC – 100% equity interest
- (ii) Easy Lease Motorcycle Rental LLC – 55% equity interest
- (iii) Uplift Delivery Services LLC – 67% equity interest\*

\*Uplift Delivery Services LLC is a subsidiary of Easy Lease Motorcycle Rental LLC.

During April 2020, the Group entered into sale and purchase agreements to acquire Dashing International Group LLC and Easy Lease Motorcycle Rental LLC.