

International Holding Company PJSC
(formerly “International Holdings Company PJSC”)

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

PERIOD ENDED 30 SEPTEMBER 2020

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF INTERNATIONAL HOLDING COMPANY PJSC (*FORMERLY* *“INTERNATIONAL HOLDINGS COMPANY PJSC”*)

Introduction

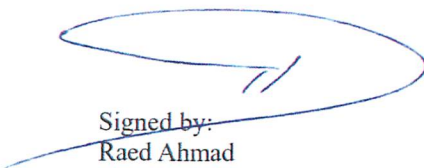
We have reviewed the accompanying interim condensed consolidated financial statements of International Holding Company PJSC (formerly “International Holdings Company PJSC”) (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 September 2020, comprising of the interim consolidated statement of financial position as at 30 September 2020, and the related interim consolidated statements of profit or loss and other comprehensive income for the three months and nine months period then ended and the related interim consolidated statements of changes in equity and cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements 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

28 October 2020
Abu Dhabi

International Holding Company PJSC
(formerly “International Holdings Company PJSC”)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		<i>(Unaudited)</i> 30 September 2020 <i>AED’000</i>	<i>(Audited)</i> 31 December 2019 <i>AED’000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,516,119	1,220,662
Intangible assets and goodwill		519,863	351,988
Right-of-use assets		95,474	85,666
Investment properties	5	1,356,722	328
Investment in associates and joint ventures	6	418,824	7,331
Investments in financial assets	7	449,954	43,183
Trade and other receivables		339,503	571
Loan to a related party	15.2	1,200	1,200
Due from related parties	15.3	8,849	-
Deferred tax assets		1,625	1,143
		<u>4,708,133</u>	<u>1,712,072</u>
Current assets			
Inventories	9	492,170	137,824
Development work in progress	10	610,957	-
Biological assets		5,424	5,283
Due from related parties	15.3	349,222	200,848
Trade and other receivables		2,637,273	616,937
Cash and bank balances	11	2,392,340	1,305,185
		6,487,386	2,266,077
Assets held for sale	8	871,381	-
		<u>7,358,767</u>	<u>2,266,077</u>
TOTAL ASSETS		<u>12,066,900</u>	<u>3,978,149</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,821,429	1,821,429
Merger reserve		1,555,467	(219,722)
Statutory reserve	14	45,191	45,191
Cumulative changes on revaluation of investments		23,553	8,394
Currency translation reserve		(163)	(287)
Retained earnings		2,232,681	517,476
Equity attributable to owners of the Company		5,678,158	2,172,481
Non-controlling interests		120,959	22,428
Total equity		<u>5,799,117</u>	<u>2,194,909</u>

International Holding Company PJSC
(formerly "International Holdings Company PJSC")

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued
At 30 September 2020

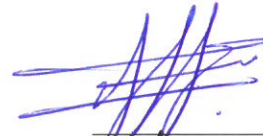
		<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
	<i>Note</i>		
EQUITY AND LIABILITIES continued			
Non-current liabilities			
Employees' end of service benefit		113,387	49,544
Lease liabilities		81,479	76,133
Bank borrowings		1,041,824	326,937
Other long term liabilities		326,269	161,413
Due to related parties	15.3	33,297	-
Deferred tax liabilities		<u>-</u>	<u>1,599</u>
		<u>1,596,256</u>	<u>615,626</u>
Current liabilities			
Due to related parties	15.3	660,941	179,139
Lease liabilities		15,226	8,828
Bank borrowings		238,999	117,935
Trade and other payables		<u>3,756,361</u>	<u>861,712</u>
		<u>4,671,527</u>	<u>1,167,614</u>
Total liabilities		<u>6,267,783</u>	<u>1,783,240</u>
TOTAL EQUITY AND LIABILITIES		<u>12,066,900</u>	<u>3,978,149</u>



Chief Financial Officer



Managing Director



Director

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

International Holding Company PJSC
(formerly “International Holdings Company PJSC”)

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the period ended 30 September 2020

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
		<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>
Revenue	18	2,151,617	260,326	4,608,354	613,349
Cost of revenue		(1,424,620)	(210,839)	(2,998,535)	(518,290)
Gross profit		726,997	49,487	1,609,819	95,059
General and administrative expenses		(109,364)	(21,284)	(271,176)	(57,641)
Selling and distribution expenses		(11,913)	(10,362)	(51,396)	(28,034)
Investment and other income		17,971	2,519	43,039	14,398
Share of profit from investment in associates and joint ventures	6	360,547	1,331	509,459	4,244
Gain on acquisition of a subsidiary	12.2	4,745	-	4,745	-
Fair value gain on previously held equity interest	6	-	-	-	5,494
Other expenses		(17,169)	-	(44,114)	(243)
Finance costs		(12,940)	(5,088)	(28,324)	(5,902)
Profit before tax		958,874	16,603	1,772,052	27,375
Income tax benefit for the period		60	-	418	-
Profit for the period		<u>958,934</u>	<u>16,603</u>	<u>1,772,470</u>	<u>27,375</u>
Attributable to:					
Owners of the Company		932,697	16,573	1,715,150	26,267
Non-controlling interests		<u>26,237</u>	<u>30</u>	<u>57,320</u>	<u>1,108</u>
Profit for the period		<u>958,934</u>	<u>16,603</u>	<u>1,772,470</u>	<u>27,375</u>
Basic earnings per share	16	<u>0.512</u>	<u>0.009</u>	<u>0.942</u>	<u>0.027</u>

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

International Holding Company PJSC
(formerly “International Holdings Company PJSC”)

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(UNAUDITED)

For the period ended 30 September 2020

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>
Profit for the period	958,934	16,603	1,772,470	27,375
Other comprehensive income (loss):				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange difference on translation of foreign operations	1,421	(1,663)	(163)	(2,016)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in the fair value of financial assets at fair value through other comprehensive income (note 7)	<u>23,244</u>	<u>(132)</u>	<u>15,214</u>	<u>284</u>
Total other comprehensive income (loss)	<u>24,665</u>	<u>(1,795)</u>	<u>15,051</u>	<u>(1,732)</u>
Total comprehensive income for the period	<u>983,599</u>	<u>14,808</u>	<u>1,787,521</u>	<u>25,643</u>
Attributable to:				
Owners of the Company	957,332	15,111	1,730,488	24,938
Non-controlling interests	<u>26,267</u>	<u>(303)</u>	<u>57,033</u>	<u>705</u>
	<u>983,599</u>	<u>14,808</u>	<u>1,787,521</u>	<u>25,643</u>

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

International Holding Company PJSC
(formerly “International Holdings Company PJSC”)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2020

	<i>Attributable to equity holders of the Company</i>								
	<i>Share capital</i>	<i>Merger reserve</i>	<i>Statutory reserve</i>	<i>Cumulative changes on revaluation of investments</i>	<i>Currency translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non-controlling interests</i>	<i>Total equity</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>
Balance at 1 January 2019 (audited)	510,000	-	12,820	7,668	(102)	46,644	577,030	9,269	586,299
Profit for the period	-	-	-	-	-	26,267	26,267	1,108	27,375
Other comprehensive income (loss) for the period	-	-	-	284	(1,613)	-	(1,329)	(403)	(1,732)
Total comprehensive income (loss) for the period	-	-	-	284	(1,613)	26,267	24,938	705	25,643
Issue of share capital (note 13)	1,311,429	-	-	-	-	-	1,311,429	-	1,311,429
Business combination of entities under common control	-	(886,391)	-	-	-	-	(886,391)	-	(886,391)
Acquisition of non-controlling interest	-	-	-	-	-	(2,357)	(2,357)	2,357	-
Acquisition of subsidiary	-	-	-	-	-	-	-	14,563	14,563
Balance at 30 September 2019 (unaudited)	<u>1,821,429</u>	<u>(886,391)</u>	<u>12,820</u>	<u>7,952</u>	<u>(1,715)</u>	<u>70,554</u>	<u>1,024,649</u>	<u>26,894</u>	<u>1,051,543</u>
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	-	-	-	-	-	1,715,150	1,715,150	57,320	1,772,470
Other comprehensive income (loss) for the period	-	-	-	15,214	124	-	15,338	(287)	15,051
Total comprehensive income for the period	-	-	-	15,214	124	1,715,150	1,730,488	57,033	1,787,521
Disposal of investments carried at fair value through other comprehensive income	-	-	-	(55)	-	55	-	-	-
Business combination of entities under common control (note 12.1)	-	1,720,439	-	-	-	-	1,720,439	647	1,721,086
Acquisition of associates (note 6)	-	54,750	-	-	-	-	54,750	-	54,750
Acquisition of subsidiary (note 12.2)	-	-	-	-	-	-	-	40,851	40,851
Balance at 30 September 2020 (unaudited)	<u>1,821,429</u>	<u>1,555,467</u>	<u>45,191</u>	<u>23,553</u>	<u>(163)</u>	<u>2,232,681</u>	<u>5,678,158</u>	<u>120,959</u>	<u>5,799,117</u>

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

International Holding Company PJSC
(formerly "International Holdings Company PJSC")

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period ended 30 September 2020

	Notes	Nine months period ended 30 September	
		2020 AED'000	2019 AED'000
OPERATING ACTIVITIES			
Profit before tax		1,772,052	27,375
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		78,111	10,286
Depreciation of investment properties	5	38,464	312
Amortisation of intangible and biological assets		55,915	2,222
Share of profit from investment in associates and joint ventures	6	(509,459)	(4,244)
Change in fair value of biological assets		-	(411)
Provision for employees' end of service benefits		57,442	2,669
Gain on acquisition of a subsidiary	12.2	(4,745)	-
Gain on disposal of property, plant and equipment		(242)	(184)
Impairment of property, plant and equipment		2,353	-
Allowance for slow moving inventories	9	73,735	1,514
Allowance for expected credit losses		28,452	8,682
Interest and dividend income		(9,268)	(9,173)
Fair value gain on revaluation of acquirers' previously held equity interest	6	-	(5,494)
Finance costs		28,324	(5,659)
Operating cash flows before changes in operating assets and liabilities		1,611,134	27,895
Increase in inventories		(341,307)	(52,955)
(Increase) decrease in biological assets		(4,604)	653
(Increase) decrease in due from related parties		(79,903)	4,064
Increase in trade and other receivables		(1,101,140)	(30,645)
Increase in development work in progress		(11,248)	-
Increase (decrease) in due to related parties		408,368	(6,432)
Increase in other long term liabilities		164,856	-
Increase (decrease) in trade and other payables		721,896	(36,054)
Cash generated from (used in) operations		1,368,052	(93,474)
Employees' end of service benefits paid		(31,650)	(2,736)
Finance costs paid		(23,755)	5,902
Net cash generated from (used in) operating activities		<u>1,312,647</u>	<u>(90,308)</u>
INVESTING ACTIVITIES			
Business combination of entities under common control	12.1	417,001	13,850
Acquisition of subsidiaries	12.2	(185,465)	(7,685)
Addition to property, plant and equipment	4	(142,467)	(41,430)
Addition to intangible assets		(2,886)	-
Proceeds from sale of property, plant and equipment		1,756	1,251
Addition to investment properties		(222,014)	-
Addition to investments in financial assets		(477,061)	-
Proceeds from sale of investments in financial assets		118,188	-
Purchase of investment in associate	6	(12,215)	-
Addition to assets held for sale	8	(58,666)	-
(Increase) decrease in fixed deposits		(103,423)	161,731
Dividend received from associates and joint ventures	6	319,446	5,095
Investment income received		9,268	9,173
Net cash (used in) generated from investing activities		<u>(338,538)</u>	<u>141,985</u>
FINANCING ACTIVITIES			
Net movement in bank borrowings		27,021	24,938
Repayment of loan from related parties		-	(3,500)
Payment against lease liabilities		(16,391)	-
Net cash generated from financing activities		<u>10,630</u>	<u>21,438</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		<u>984,739</u>	<u>73,115</u>
Cash and cash equivalents at beginning of the period		1,284,853	91,772
Effect of foreign exchange rate changes		(1,007)	(2,016)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11	<u>2,268,585</u>	<u>162,871</u>

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

International Holding Company PJSC (formerly “International Holdings Company PJSC”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 September 2020 (Unaudited)

1 GENERAL INFORMATION

International Holding Company PJSC (formerly, 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.

During the period, the shareholders approved in the annual general assembly held on 28 September 2020, to change the name of the Company from “International Holdings Company PJSC” to “International Holding Company PJSC”.

These interim condensed consolidated financial statements include the results of operations and financial position of the Company and its subsidiaries, associates and joint ventures (together referred to as the “Group”). The main activities of the Group are;

- management services, investing in diversified projects;
- trading in fish and fish products, exporting, preserving fish products and other sea living resources through cooling and freezing;
- sport enterprises investment, institution, management services;
- Catering services and general trading of foodstuff and cinema shows;
- installation, repair and maintenance of district cooling and air conditioning;
- buying, selling, leasing and other management and development related services of plots and real estate;
- performing technical, commercial and contracting services related to marine works;
- importing, maintaining, trading and other services relating to marine machinery and equipments;
- health care services, operating medical laboratories, and distributing medical supplies and devices;
- grooming services for women; and
- motorcycle trading, repairing and rentals.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 28 October 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 30 September 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, contingent consideration and biological assets that have been measured at 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 Holding Company PJSC
(formerly “International Holdings Company PJSC”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 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 Holding Company PJSC
(formerly “International Holdings Company PJSC”)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2020 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Details of Company’s subsidiaries as at 30 September 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>	
			2020	2019
IHC Holdings RSC Limited	United Arab Emirates	Investment Company.	100%	100%
IHC Companies Management LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Utilities Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Real Estate Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Digital Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Industrial Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Food Holding LLC	United Arab Emirates	Management and operations of public utilities, restaurant management, commercial enterprises investments, institution and management.	100%	100%
IHC Capital Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
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%

International Holding Company PJSC
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 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>	
			2020	2019
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 LLC	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%
PAL First Cooling LLC (formerly 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 Najmat 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%
PAL 4 Solar Energy LLC	United Arab Emirates	Installation and maintenance of alternative energy equipment	100%	100%
PAL 4 Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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>	
			2020	2019
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%
Matrix International Solutions LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	80%	-
Mega Logistics Park Warehouses Management - Sole Proprietorship LLC (ii)	United Arab Emirates	Storehouses and warehouses management and operations	100%	-
Multiply Marketing Consultancy LLC (i)	United Arab Emirates	Advertisement designing and production services.	100%	-
WFC Holding - sole proprietorship LLC (ii)	United Arab Emirates	Commercial Enterprises Investment, Institution and Management.	100%	-
Workforce Connexion LLC (i)	United Arab Emirates	Supply of on-demand labors, human service delivery of medical cadres and onshore and offshore oil and gas fields and facilities services.	100%	-
Corporate Solutions Consultants LLC (i)	United Arab Emirates	Human resources and administrative consultancy, onshore and offshore oil and gas fields and facilities services.	100%	-
Multi Serve Typing and Transactions Follow Up LLC (i)	United Arab Emirates	Typing, documents photocopying and transactions follow up services.	100%	-
AGRINV SPV RSC (i)	United Arab Emirates	Investment Company.	100%	-
Al-Hashemiya for Land Reclamation and Cultivation S.A.E. (i)	Egypt	Land cultivation, land-reclaimed farming, raising all kinds of livestock and sheep produced and providing other farming and livestock related services.	99.99%	-
Royal Technology Solutions LLC (i)	United Arab Emirates	Computer trading, computer and data processing requisites trading, computer networks maintenance, and on-shore and off-shore oil and gas fields' services.	100%	-
Bedashing Holding Company LLC (ii)	United Arab Emirates	Investment Company.	100%	-
Dashing International Group - Sole proprietorship LLC (i)	United Arab Emirates	Company representation.	100%	-
Bedashing Beauty Lounge - Sole proprietorship LLC (i)	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	-

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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>	
			2020	2019
Bedashing Beauty Lounge International Limited (i)	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	-
Nippers & Scissors training Centre - Sole proprietorship LLC (i)	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	-
Easy Lease Motorcycle Rental LLC (i)	United Arab Emirates	Motorcycles trading, motorcycles repairing and motorcycles rental.	55%	-
Uplift Delivery Services LLC (i)	United Arab Emirates	Renting and delivery services.	36.85%	-
Al Tamouh Investments Company LLC (i)	United Arab Emirates	Development, management and sale of real estate properties.	100%	-
Paragon Malls LLC (i)	United Arab Emirates	Ownership and leasing of retail property.	100%	-
TSL Properties LLC (i)	United Arab Emirates	Development project ownership, sales & leasing.	100%	-
Eltizam Asset Management LLC (i)	United Arab Emirates	Services management holding company.	100%	-
Tafawuq Facilities Management LLC (i)	United Arab Emirates	Facilities management services.	100%	-
Tafawuq Facilities Management Co. LLC (i)	Oman	Facilities management services.	70%	-
ThreeSixty Communities Estate LLC (i)	United Arab Emirates	Owner association management.	100%	-
ThreeSixty Communities Management for Owners Associations LLC (i)	United Arab Emirates	Owner association management.	100%	-
ThreeSixty Energy LLC (i)	United Arab Emirates	Utility billing and collection services.	100%	-
ThreeSixty Leisure and Event Management LLC (i)	United Arab Emirates	Organisation and management of events.	100%	-
ThreeSixty Remax Real Estate Brokerage (i)	United Arab Emirates	Real estate brokerage services.	100%	-
ThreeSixty Brokerage Estate - Sole Proprietorship LLC (i)	United Arab Emirates	Real estate brokerage services.	100%	-
ThreeSixty Communities Estate LLC (i)	Oman	Owner association management.	70%	-
Wadi Adventures LLC (i)	United Arab Emirates	Adventure Park.	100%	-
Green Mubazzarah Chalets LLC (i)	United Arab Emirates	Resort and furnished residences leasing.	100%	-
Tamouh Hotels and Resorts LLC (i)	United Arab Emirates	Management and operation of hotels and hotel apartments.	100%	-
Tamouh National Contracting LLC (i)	United Arab Emirates	Building projects contracting.	51%	-
Arch Models Abu Dhabi LLC (i)	United Arab Emirates	Designing and constructing architectural models.	60%	-
Tamouh Integrated Business Services LLC (i)	United Arab Emirates	Resort and furnished residences leasing.	100%	-

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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>	
			2020	2019
Qausar Energy Limited (ii)	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	-
Alpha Technologies Limited (ii)	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	-
Diqa Technologies Limited (ii)	United Arab Emirates	Research and development with respect of energy generation, provision of systems for motor turbines, provision of software services, provision of water heating and cooling system.	45%	-
IHC West Investment – Sole Proprietorship LLC (ii)	United Arab Emirates	Agricultural, commercial and industrial enterprises investment, institution and management.	100%	-
Tamouh Healthcare LLC (i)	United Arab Emirates	Ownership of medical facilities.	100%	-
Medi Q Healthcare LLC (ii)	United Arab Emirates	Investment, incorporation and management of healthcare service projects.	51%	-
Sanimed International Lab and Management LLC (ii)	United Arab Emirates	Pharmaceutical studies and researches, development and innovation in chemical solutions, geological and geophysical consultancy, studies and researches.	85%	-
Quant Lase Lab LLC (ii)	United Arab Emirates	Development and innovation in chemical solutions, innovation in creating test equipment and solutions for identifying SARS-COV2 infection and related infections.	80%	-
Royal Architect Project Management LLC (i)	United Arab Emirates	Architectural engineering consultancy, construction projects management consultancy.	100%	-
Royal Development Company LLC (i)	United Arab Emirates	Real estate development construction.	100%	-
Royal Development Company d.o.o Beograd-Vracar (i)	Serbia	Hotel accommodation.	100%	-
Anse La Mouche Property Development L.L.C. (i)	United Arab Emirates	Real estate enterprises investment development, institution and management.	99.99%	-
Al Seer Marine Supplies and Equipment Company LLC (i)	United Arab Emirates	Importing, maintaining and trading of marine machinery and equipment.	100%	-
Al Seer Marine Boats Building LLC (i)	United Arab Emirates	Onshore and offshore oil and gas fields and facilities services and building of motorboats.	100%	-
Al Seer Marine Services Company LLC (i)	United Arab Emirates	Ship management and operations, onshore and offshore oil and gas fields and facilities services and building of motorboats. Yachts management and running.	100%	-
Al Seer Marine Training Institute LLC (i)	United Arab Emirates	Training and rehabilitation of marine cadres, technical training on electrical devices, computer software and security training	100%	-
Apex Alwataniah Catering Service LLC (i)	United Arab Emirates	Food stuff catering to private and public sector organisations	60%	-
R Med Medical Supplies LLC (i)	United Arab Emirates	Drug store, trading of medical and surgical articles	52%	-

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2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

- (i) Subsidiaries acquired during the period (note 12).
- (ii) These are subsidiaries of the Group, incorporated 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 consistent with those applied by the Group in the preparation of the 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 IFRS 16: Covid-19 related rent concession
- 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 significant 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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.

3.2 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

Inventory and development work in progress are 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

3.2 Significant accounting estimates and judgements continued

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 30 September 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.

Fair value of contingent consideration, resulting from business combinations

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination, when the contingent consideration meets the definition of a financial liability. Contingent consideration is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor (see note 12.2 for details).

As part of the accounting for the acquisition of Easy Lease Motorcycle Rental LLC, contingent consideration with an estimated fair value of AED 18,000 thousand was recognised at the acquisition date. There was no significant change in the fair value of contingent consideration at reporting date from the acquisition date. Future developments may require further revisions to the estimate. The maximum consideration to be paid is AED 18,700 thousand. The contingent consideration is classified as other financial liability (note 12.2).

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 142,468 thousand (nine months period ended 30 September 2019: AED 41,430 thousand), excluding property, plant and equipment acquired through business combinations and depreciation and impairment charge for the nine months period ended 30 September 2020 amounted to AED 67,087 thousand (nine months period ended 30 September 2019: AED 9,906 thousand). Property, plant and equipment acquired through business combinations amounted to AED 220,528 thousand (note 12) (nine months period ended 30 September 2019: AED 799,905 thousand).

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5 INVESTMENT PROPERTIES

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Land	135,213	-
Buildings	68,415	68,415
Leased properties	1,593,524	-
Properties under development	<u>211,792</u>	<u>-</u>
	<u>2,008,944</u>	<u>68,415</u>
Less: accumulated depreciation and impairment loss	<u>(652,222)</u>	<u>(68,087)</u>
	<u>1,356,722</u>	<u>328</u>

During the period, additions to investment properties amounted to AED 222,014 thousand (nine months period ended 30 September 2019: nil), excluding investment properties acquired through business combinations and depreciation charge for the nine months period ended 30 September 2020 amounted to AED 38,464 thousand (nine months period ended 30 September 2019: AED 312 thousand). Investment properties acquired through business combination amounted to AED 1,193,716 thousand (note 12) (nine months period ended 30 September 2019: nil).

Movement in accumulated depreciation and impairment loss is as follows:

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At the beginning of the period / year	68,087	67,673
Acquired in business combinations	546,980	-
Transferred to inventories	(1,309)	-
Charge for the period / year	<u>38,464</u>	<u>414</u>
At the end of the period / year	<u>652,222</u>	<u>68,087</u>

Management believes that the fair value of the investment properties did not materially change during the nine months period ended 30 September 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.

Buildings

The fair value of the buildings was AED 14 million, determined using discounted cash flow model prepared internally by management as of 31 December 2019. 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.

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5 INVESTMENT PROPERTIES continued

Leased properties

The fair value of the leased properties acquired in business combinations, as at 31 December 2019 amounted to AED 1.09 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>	
			<i>2020</i>	<i>2019</i>
<i>Associates:</i>				
Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	UAE	47%	47%
Tafseer Contracting & General Maintenance Company LLC (i)	Real estate enterprise investment, development, institution and management.	UAE	20%	20%
Pure Health Medical Supplies LLC (ii)	Operating medical laboratories and distributing medical supplies	UAE	31.5%	-
Emirates Refreshments P.S.C (iii)	Bottling and selling mineral water, carbonated soft drinks and evaporated milk, as well as manufacturing plastic bottles and containers	UAE	20%	-
Viola Communications LLC (iv)	Commercial publication printing	UAE	50%	-
<i>Joint ventures:</i>				
Lazio Real Estate Investment LLC (v)	Real estate enterprise investment, development, institution and management	UAE	65%	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	UAE	65%	65%
Bunya LLC (vi)	Real estate enterprise	UAE	34%	-

- (i) Tafseer Contracting & General Maintenance Company LLC, an associate, is under liquidation. As at 30 September 2020, the carrying amount of the investments is nil (31 December 2019: nil).

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6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

- (ii) During the period, the Group acquired 31.5% ownership in Pure Health Medical Supplies LLC for a total consideration of AED 1. During the nine months period ended 30 September 2020, share of profits from the newly acquired associate amounted to AED 511,630 thousand and dividend received during the period amounted to AED 315,000 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. The following table illustrates the summarised financial information of the Group’s investment in Pure Health Medical Supplies LLC at the date of acquisition:

	<i>AED’000</i>
Current assets	206,638
Non-current assets	240,052
Current liabilities	(107,210)
Non-current liabilities	<u>(165,670)</u>
Net assets	<u>173,810</u>
Group’s share in equity (31.5%)	54,750
Consideration paid	<u>-</u>
Merger reserve	<u>54,750</u>

- (iii) During the period, the Group acquired 20% ownership in Emirates Refreshments P.S.C, an entity listed in Dubai Financial Market, for a total consideration of AED 12,215 thousand, being the fair value of the investment based on its market price at the date of acquisition. During the nine months period ended 30 September 2020, the share of loss from the newly acquired associate amounted to AED 913 thousand. The following table illustrates the summarised financial information of the Group’s investment in Emirates Refreshments PSC at the date of acquisition:

	<i>AED’000</i>
Current assets	37,150
Non-current assets	15,629
Current liabilities	(19,473)
Non-current liabilities	<u>(7,196)</u>
Net assets (at carrying value)	<u>26,110</u>

- (iv) During the period, Viola Communications LLC became an associate of the Group due to the acquisition of Multiply Marketing Consultancy LLC (note 12.1). Viola Communications LLC (“Viola”) is involved in advertisements designing and production and other commercial publication printing.
- (v) During 2018, the directors of Lazio Real Estate Investment LLC, a joint venture, has elected to liquidate the joint venture. As at 30 September 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.
- (vi) During the period, Bunya LLC become joint venture of the Group due to the acquisition of Al Tamouh Investments Company LLC (note 12.1). 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.

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6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

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

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
At the beginning of the period / year	7,331	12,928
Acquired in business combinations (note 12.1)	154,515	-
Acquisition of associates	66,965	-
Disposal during the period / year*	-	(3,864)
Share of the Group's profit for the period / year	509,459	4,776
Dividend received during the period / year	<u>(319,446)</u>	<u>(6,509)</u>
At the end of the period / year	<u>418,824</u>	<u>7,331</u>

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

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Unaudited)</i> 30 September 2019 <i>AED'000</i>
Fair value of equity interest	-	9,358
Less: carrying value of equity interest	<u>-</u>	<u>(3,864)</u>
Fair value gain on equity interest	<u><u>-</u></u>	<u><u>5,494</u></u>

7 INVESTMENTS IN FINANCIAL ASSETS

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
Investments carried at fair value through other comprehensive income	421,289	43,183
Investments carried at fair value through profit or loss	<u>28,665</u>	<u>-</u>
	<u>449,954</u>	<u>43,183</u>
Quoted	168,103	2,127
Unquoted	<u>281,851</u>	<u>41,056</u>
	<u>449,954</u>	<u>43,183</u>

The unquoted investments are recorded at fair value using the income approach. As per management, there was no significant change in fair value between 31 December 2019 and 30 September 2020.

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7 INVESTMENTS IN FINANCIAL ASSETS continued

The geographical distribution of investments is as follows:

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
Inside UAE	209,161	43,183
Outside UAE	<u>240,793</u>	<u>-</u>
	<u>449,954</u>	<u>43,183</u>

Investments carried at fair value through other comprehensive income:

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.

Movement in investments carried at fair value through other comprehensive income is as follows:

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
At the beginning of the period / year	43,183	22,868
Acquired in business combinations (note 12.1)	32,684	-
Investments made during the period / year	448,396	19,589
Disposals during the period/ year	(118,188)	-
Change in fair value	<u>15,214</u>	<u>726</u>
At the end of the period / year	<u>421,289</u>	<u>43,183</u>

Investments carried at fair value through profit or loss:

During the period, the Group acquired unquoted equities of AED 28,665 thousand (31 December 2019: nil). As per management, the cost of acquisition is a fair representation of the investments fair value as at 30 September 2020.

8 ASSETS HELD FOR SALE

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

	<i>(Unaudited)</i> 30 September 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
Acquired in business combinations, net of provision for impairment (note 12.1)	812,715	-
Additions during the period / year	<u>58,666</u>	<u>-</u>
	<u>871,381</u>	<u>-</u>

International Holding Company PJSC
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9 INVENTORIES

	<i>(Unaudited)</i> 30 September 2020 <i>AED’000</i>	<i>(Audited)</i> 31 December 2019 <i>AED’000</i>
Medical supplies	369,695	-
Fish and fish products	31,125	44,328
Animal feed	66,962	58,940
Food and non-food items	10,550	6,213
Properties	8,232	-
Poultry products	4,648	3,889
Work in process	32,855	-
Other finished goods	3,119	4,749
Packing and raw material	22,310	9,093
Spares and consumables	<u>19,554</u>	<u>751</u>
	569,050	127,963
Less: allowance for slow moving inventories	(76,880)	(2,430)
Goods in transit	<u>-</u>	<u>12,291</u>
	<u>492,170</u>	<u>137,824</u>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> 30 September 2020 <i>AED’000</i>	<i>(Audited)</i> 31 December 2019 <i>AED’000</i>
At the beginning of the period / year	2,430	740
Acquired in business combinations	715	1,444
Change for the period / year	<u>73,735</u>	<u>246</u>
At the end of the period / year	<u>76,880</u>	<u>2,430</u>

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> 30 September 2020 <i>AED’000</i>	<i>(Audited)</i> 31 December 2019 <i>AED’000</i>
Acquired in business combinations	957,131	-
Additions during the period / year	11,248	-
Depreciation capitalised	183	-
Transferred to inventories	<u>(12,451)</u>	<u>-</u>
	956,111	-
Less: impairment provision acquired in business combinations	<u>(345,154)</u>	<u>-</u>
At the end of the period / year	<u>610,957</u>	<u>-</u>

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30 September 2020 (Unaudited)

11 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Cash on hand	17,194	1,164
<i>Bank balances:</i>		
Current and call accounts	2,025,698	1,134,068
Term deposits	349,467	170,007
Less: allowance for expected credit loss	(19)	(54)
Cash and bank balances	2,392,340	1,305,185
Less: fixed deposits with an original maturity of more than three months	(123,755)	(20,332)
Cash and cash equivalents	<u>2,268,585</u>	<u>1,284,853</u>

Cash and cash equivalents as at 30 September 2019 (unaudited) amounted to AED 162,871 thousand.

12 BUSINESS COMBINATIONS

12.1 Business combination under common control

During the period, the Group acquired the following entities under common control. These acquisitions 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 ("Al Tamouh")

During the period, 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 428,372 thousand and AED 78,160 thousand, respectively.

Al Seer Marine Supplies and Equipment Company LLC ("Al Seer Marine")

During the period, 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 356,097 thousand and AED 25,405 thousand, respectively.

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12 BUSINESS COMBINATIONS continued

12.1 Business combination under common control continued

AGRINV SPV RSC ("AGRINV")

During the period, the Group acquired 100% shares in AGRINV SPV RSC ("AGRINV") for nil consideration. AGRINV is an investment company, having a 99% owned subsidiary, Al-Hashemiya for Land Reclamation and Cultivation S.A.E. ("Al-Hashemiya"). Principal activities of Al-Hashemiya is to cultivate, land-reclaimed farming, raising all kinds of livestock and sheep produced and providing other farming and livestock related services, duly incorporated in Abu Dhabi Global Market, Abu Dhabi, United Arab Emirates. From the date of acquisition, AGRINV contributed revenue and loss to the Group amounting to AED 232 thousand and AED 2,475 thousand respectively. If the acquisition had taken place at the beginning of the period AGRINV would have contributed revenue and loss to the Group amounting to AED 232 thousand and AED 2,938 thousand, respectively.

Royal Technology Solutions ("RTS")

During the period, the Group acquired 100% shares in Royal Technology Solutions ("RTS") for nil consideration. Royal Technology Solutions (the "Company") is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in computer trading, computer and data processing requisites trading, computer networks maintenance, and on-shore and off-shore oil and gas fields' services. From the date of acquisition, RTS contributed revenue and profit to the Group amounting to AED 29,791 thousand and AED 2,324 thousand, respectively. If the acquisition had taken place at the beginning of the period, RTS would have contributed revenue and profit to the Group amounting to AED 44,042 thousand and AED 3,296 thousand, respectively.

Multiply Marketing Consultancy ("MMC")

During the period, the Group acquired 100% shares in Multiply Marketing Consultancy LLC ("MMC") for nil consideration. MMC is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in advertisement designing and production services. From the date of acquisition, MMC contributed revenue and loss to the Group amounting to AED 7,903 thousand and AED 838 thousand, respectively. If the acquisition had taken place at the beginning of the year, MMC would have contributed revenue and loss to the Group amounting to AED 10,427 thousand and AED 333 thousand, respectively.

Workforce Connexion LLC ("WFC")

During the period, the Group acquired 100% shares in Workforce Connexion LLC ("WFC") for nil consideration. WFC is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in supply of on-demand labors, human service delivery of medical cadres and onshore and offshore oil and gas fields and facilities services. From the date of acquisition, WFC contributed revenue and profit to the Group amounting to AED 195,883 thousand and AED 6,036 thousand, respectively. If the acquisition had taken place at the beginning of the period WFC would have contributed revenue and profit to the Group amounting to AED 261,914 thousand and AED 8,821 thousand, respectively.

Corporate Solutions Consultants LLC ("CSC")

During the period, the Group acquired 100% shares in Corporate Solutions Consultants LLC ("CSC") for nil consideration. CSC is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in human resources and administrative consultancy, onshore and offshore oil and gas fields and facilities services. From the date of acquisition, CSC contributed revenue and profit to the Group amounting to AED 956 thousand and AED 938 thousand, respectively. If the acquisition had taken place at the beginning of the period, CSC would have contributed revenue and loss to the Group amounting to AED 1,730 thousand and AED 1,563 thousand, respectively.

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12 BUSINESS COMBINATIONS continued

12.1 Business combination under common control continued

Multi Serve Typing and Transactions Follow Up LLC (“MST”)

During the period, the Group acquired 100% shares in Multi Serve Typing and Transactions Follow Up LLC (“MST”) for nil consideration. MST is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in typing, documents photocopying and transactions follow up services. From the date of acquisition, MST contributed revenue and profit to the Group amounting to AED 728 thousand and AED 276 thousand, respectively. If the acquisition had taken place at the beginning of the period MST would have contributed revenue and profit to the Group amounting to AED 728 thousand and AED 49 thousand, respectively.

Royal Architect Project Management LLC (“RAPM”)

During the period, the Group acquired 100% shares in Royal Architect Project Management LLC (“RAPM”) for nil consideration. RAPM is a limited liability company incorporated in the Emirates of Abu Dhabi, United Arab Emirates and is involved in the provision of project management and architectural design consultancy services. From the date of acquisition, RAPM contributed revenue and profit to the Group amounting to AED 9,779 thousand and AED 1,650 thousand, respectively. If the acquisition had taken place at the beginning of the period RAPM would have contributed revenue and loss to the Group amounting to AED 16,580 thousand and AED 3,537 thousand, respectively.

Royal Development Company LLC (“RDC”)

During the period, the Group acquired 100% shares in Royal Development Company LLC (“RDC”) for nil consideration. RDC is a limited liability company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is involved in the development of real estate and all activities that are a part of complementary, collateral, incidental, connected with or relating to such activity. From the date of acquisition, RDC contributed revenue and profit to the Group amounting to AED 4,008 thousand and AED 888 thousand, respectively. If the acquisition had taken place at the beginning of the period RDC would have contributed revenue and loss to the Group amounting to AED 6,351 thousand and AED 3,075 thousand, respectively.

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30 September 2020 (Unaudited)

12 BUSINESS COMBINATIONS continued

12.1 Business combination under common control 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> AED'000	<i>Al Seer Marine</i> AED'000	<i>AGRINV</i> AED'000	<i>RTS</i> AED'000	<i>MMC</i> AED'000	<i>WFC</i> AED'000	<i>CSC</i> AED'000	<i>MST</i> AED'000	<i>RAPM</i> AED'000	<i>RDC</i> AED'000	<i>Total</i> AED'000
Assets											
Property and equipment	17,747	36,475	114,623	1,241	3,131	46	-	-	105	2,646	176,014
Intangible assets	6,849	-	-	-	18	-	-	-	57	3	6,927
Right-of-use assets	-	8,973	-	-	-	-	-	-	-	-	8,973
Investment properties	1,193,716	-	-	-	-	-	-	-	-	-	1,193,716
Investment in associates and joint ventures	119,065	-	-	-	35,450	-	-	-	-	-	154,515
Investment in financial assets	32,684	-	-	-	-	-	-	-	-	-	32,684
Assets held for sale	812,715	-	-	-	-	-	-	-	-	-	812,715
Inventories	9,951	1,120	47	36,514	-	-	-	-	-	-	47,632
Development work in progress	611,977	-	-	-	-	-	-	-	-	-	611,977
Due from related parties	-	18,264	-	3,596	9,959	11,792	619	838	6,105	25,730	76,903
Trade and other receivables	820,959	266,225	253	10,458	14,311	20,655	2,149	-	9,728	102,778	1,247,516
Cash and bank balances	<u>163,448</u>	<u>145,680</u>	<u>18,682</u>	<u>46,778</u>	<u>9,445</u>	<u>3,825</u>	<u>913</u>	<u>771</u>	<u>17,091</u>	<u>10,368</u>	<u>417,001</u>
	<u>3,789,111</u>	<u>476,737</u>	<u>133,605</u>	<u>98,587</u>	<u>72,314</u>	<u>36,318</u>	<u>3,681</u>	<u>1,609</u>	<u>33,086</u>	<u>141,525</u>	<u>4,786,573</u>
Liabilities											
Employees' end of service benefit	16,514	9,921	3	1,188	2,347	4,212	-	-	1,461	889	36,535
Bank borrowings	789,775	-	-	-	-	-	-	-	-	-	789,775
Lease liabilities	-	9,182	-	-	-	-	-	-	-	-	9,182
Due to related parties	-	15,475	-	2,468	25,981	9,736	2,679	365	1,326	48,701	106,731
Trade and other payables	<u>1,657,731</u>	<u>195,844</u>	<u>87,213</u>	<u>63,735</u>	<u>7,836</u>	<u>15,827</u>	<u>2,466</u>	<u>62</u>	<u>6,842</u>	<u>85,708</u>	<u>2,123,264</u>
	<u>2,464,020</u>	<u>230,422</u>	<u>87,216</u>	<u>67,391</u>	<u>36,164</u>	<u>29,775</u>	<u>5,145</u>	<u>427</u>	<u>9,629</u>	<u>135,298</u>	<u>3,065,487</u>
Net assets	1,325,091	246,315	46,389	31,196	36,150	6,543	(1,464)	1,182	23,457	6,227	1,721,086
Less: non-controlling interest	(647)	-	-	-	-	-	-	-	-	-	(647)
Proportionate share of identifiable net assets acquired	1,324,444	246,315	46,389	31,196	36,150	6,543	(1,464)	1,182	23,457	6,227	1,720,439
Consideration paid	-	-	-	-	-	-	-	-	-	-	-
Merger reserve	<u>1,324,444</u>	<u>246,315</u>	<u>46,389</u>	<u>31,196</u>	<u>36,150</u>	<u>6,543</u>	<u>(1,464)</u>	<u>1,182</u>	<u>23,457</u>	<u>6,227</u>	<u>1,720,439</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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12 BUSINESS COMBINATION continued

12.2 Acquisitions under IFRS 3 Business Combination

During the period, the Group acquired the following entities, which were accounted for using the acquisition method under IFRS 3 Business Combination:

Dashing International Group of Companies

During the period, the Group acquired 100% interest in Dashing International Group of Companies. Dashing International Group of Companies comprises of four limited liability entities (“Dashing”), details of which are as follows:

<i>Name of entities</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>
Dashing International Group - Sole proprietorship LLC	United Arab Emirates	Company representation
Bedashing Beauty Lounge - Sole proprietorship LLC	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services
Bedashing Beauty Lounge International Limited	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services
Nippers & Scissors training Centre - Sole proprietorship LLC	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services

Easy Lease Motorcycle Rental LLC (“Easy Lease”)

During the period, the Group acquired 55% interest in Easy Lease Motorcycle Rental LLC and its 67% owned subsidiary, Uplift Delivery Services LLC. Both companies are limited liability companies, registered and incorporated in the Emirate of Dubai, United Arab Emirates. Easy Lease Motorcycle Rental LLC is engaged in motorcycles trading, motorcycles repairing and motorcycles rental services.

R-Med Medical Supplies LLC (“R-Med”)

During the period, the Group acquired 52% interest in R-Med Medical Supplies LLC (“R-Med”). R-Med is a limited liability company, incorporated in the Emirate of Dubai with its principle activities being procuring, packaging and distributing medical hygiene products and automated sanitizing passthrough gates.

Apex Alwataniah Catering Service LLC (“Apex”)

During the period, the Group acquired 60% interest in Apex Alwataniah Catering Service LLC (“Apex”). Apex is a limited liability company registered and incorporated in the Emirate of Abu Dhabi and is engaged in the provision of catering services to private and public organisations.

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12 BUSINESS COMBINATION continued

12.2 Acquisitions under IFRS 3 Business Combination continued

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Dashing International Group of Companies, Easy Lease Motorcycle Rental LLC, R-Med Medical Supplies LLC and Apex Alwataniah Catering Service LLC as at the date of acquisition were as follows:

	<i>Dashing</i> <i>AED'000</i>	<i>Easy Lease</i> <i>AED'000</i>	<i>R-Med</i> <i>AED'000</i>	<i>Apex</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
Assets					
Property and equipment	7,304	35,360	-	1,850	44,514
Intangible assets	44,200	57,551	-	-	101,751
Right-of-use assets	8,472	2,522	-	-	10,994
Inventories	4,102	1,173	-	544	5,819
Due from related parties	-	351	66	-	417
Trade and other receivables	3,809	17,645	2,642	14,969	39,065
Cash and bank balances	<u>4,994</u>	<u>2,043</u>	<u>29</u>	<u>469</u>	<u>7,535</u>
Total assets	<u>72,881</u>	<u>116,645</u>	<u>2,737</u>	<u>17,832</u>	<u>210,095</u>
Provision for employees' end of service benefit	873	607	-	36	1,516
Bank Borrowings	22	19,134	-	-	19,156
Lease liabilities	8,192	2,572	-	-	10,764
Trade and other payables	<u>6,694</u>	<u>9,039</u>	<u>4,205</u>	<u>9,888</u>	<u>29,826</u>
Total liabilities	<u>15,781</u>	<u>31,352</u>	<u>4,205</u>	<u>9,924</u>	<u>61,262</u>
Total identifiable net assets (liabilities) at fair value	<u>57,100</u>	<u>85,293</u>	<u>(1,468)</u>	<u>7,908</u>	<u>148,833</u>
Proportionate share of identifiable net assets (liabilities) acquired	57,100	46,900	(763)	4,745	107,982
Goodwill arising on acquisition	35,900	71,100	763	-	107,763
Gain on bargain purchase	-	-	-	(4,745)	(4,745)
Purchase consideration	<u>93,000</u>	<u>118,000</u>	-	-	<u>211,000</u>
Non-controlling interest	-	<u>38,393</u>	<u>(705)</u>	<u>3,163</u>	<u>40,851</u>

The fair value of trade receivables amounts to AED 31,928 thousand. The gross amount of trade receivables is AED 32,001 thousand and it is expected that the full contractual amounts can be collected.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms, if any.

Intangible assets of AED 101,600 thousand have been recognised as a result of aforementioned acquisitions, which comprises largely of customer contracts, customer relationships, trademarks and trade names.

Goodwill of AED 107,763 thousand arising from the acquisition comprises largely the value of expected synergies arising from the acquisition, which are not separately recognised. None of the goodwill recognised is expected to be deductible for income tax purposes.

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12 BUSINESS COMBINATION continued

12.2 Acquisitions under IFRS 3 Business Combination continued

The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 "Fair Value Measurement" refers to as level 3 inputs. The fair value estimate is based on:

- An assumed discount rate of 14.5 to 16%
- A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from 4% to 5%, which has been used to determine income for the future years

The new acquisitions contributed revenue and profit of AED 148,645 thousand and AED 47,382 thousand respectively from the date of acquisition. If the acquisitions had taken place at the beginning of the period, they would have contributed revenue and profit to the Group amounting to AED 203,558 thousand and AED 56,756 thousand respectively.

	<i>Dashing</i> AED'000	<i>Easy Lease</i> AED'000	<i>R-Med</i> AED'000	<i>Apex</i> AED'000	<i>Total</i> AED'000
<u>Purchase consideration:</u>					
Cash paid for the acquisition	93,000	100,000	-	-	193,000
Contingent consideration liability	-	18,000	-	-	18,000
Total consideration	93,000	118,000	-	-	211,000
<u>Analysis of cashflow on acquisition:</u>					
Cash paid for the acquisition	93,000	100,000	-	-	193,000
Net cash acquired on business combination	(4,994)	(2,043)	(29)	(469)	(7,535)
Acquisition of operating business – net of cash used (acquired) (included in cash flows from investing activities)	88,006	97,957	(29)	(469)	185,465
Transaction costs of the acquisition (included in cash flows from operating activities)	317	463	45	45	870
Net cash used (acquired) on acquisition	88,323	98,420	16	(424)	186,335

Acquisition related costs amounted to AED 870 thousand were expensed during the period and are included in general and administrative expenses.

The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalize the purchase price allocation before the end of 2020.

Contingent consideration

As part of the purchase agreement for the acquisition of Easy Lease, a contingent consideration clause exists, where an additional cash payment of AED 18,700 thousand is to be settled to the previous owner, if Easy Lease achieves a minimum net profit of AED 24,500 thousand during the year ending 31 December 2020. As at the acquisition date, the fair value of the contingent consideration was estimated to be AED 18,000 thousand.

As at 30 September 2020, based on the key performance indicators of Easy Lease, it is highly probable that the targeted profit will be achieved as a result of significant expansion in the business and the synergies realised. The fair value of the contingent consideration determined at 30 September 2020 reflects this development. As at 30 September 2020, the fair value of the contingent consideration does not significantly differ from what was recorded at the time of acquisition. The fair value is determined using a discounted cashflow (DCF) method. The significant unobservable inputs used in the fair value measurements, together with a quantitative sensitivity analysis as at 30 September 2020 is as follows:

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12 BUSINESS COMBINATION continued

12.2 Acquisitions under IFRS 3 Business Combination continued

Contingent consideration continued

<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Sensitivity of the input to fair value</i>
DCF Method	- Assumed probability - adjusted profit before tax of Easy Lease amounting to AED 24,500 thousand - Discount rate of 15.2%	More than 5% decrease in the assumed probability-adjusted profit before tax of Easy lease results in nil additional consideration. 5% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by AED 147 thousand.

13 SHARE CAPITAL

	<i>(Unaudited)</i> <i>30 September</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
<i>Authorised issued and fully paid</i>		
1,821 million shares of AED 1 each (31 December 2019: 1,821 million shares of AED 1 each)	<u>1,821,429</u>	<u>1,821,429</u>

During 2019, the Company issued additional 1,311,428,571 shares of AED 1 each to acquire PAL Cooling Holding LLC group.

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.

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15 RELATED PARTY BALANCES AND TRANSACTIONS

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

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

15.1 Transactions

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

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>
Revenue	<u>134,036</u>	<u>12,360</u>	<u>589,908</u>	<u>40,983</u>
Cost of sales	<u>57,429</u>	<u>2,267</u>	<u>818,856</u>	<u>3,041</u>
Expenses	<u>3,441</u>	<u>1,711</u>	<u>10,313</u>	<u>2,485</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 ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>	<i>AED ‘000</i>
Salaries and employee benefits	<u>6,102</u>	<u>3,101</u>	<u>16,350</u>	<u>9,410</u>
Number of key management personnel	<u>22</u>	<u>10</u>	<u>22</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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.3 Balances

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

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Due from related parties (entities under common control)</i>		
<i>Current:</i>		
Hydra Properties	128,504	-
Meena Holding LLC	117,414	-
Pal Technology Services LLC	49,474	34,306
Chimera Investments LLC	55,860	-
Tafseer Contracting & General Maint. LLC	28,108	-
Trojan General Contracting LLC	24,594	-
Meena Palace LLC	16,672	25,752
RG Procurement RSC LTD	15,493	15,170
Bunya Enterprises LLC	7,888	-
Reem Emirates Aluminum LLC	6,223	-
AFKAR Financial & Property Investment LLC	5,260	21,765
Al Jaraf travel & Tourism	18,059	-
International Golden Company LLC	-	8,110
Affiliates	86,081	59,691
Others	71,853	37,359
Allowance for expected credit loss	<u>(282,261)</u>	<u>(1,305)</u>
	<u>349,222</u>	<u>200,848</u>
<i>Non-current:</i>		
Hydra Development LLC	4,143	-
Royal Group Management LLC	<u>4,706</u>	<u>-</u>
	<u>8,849</u>	<u>-</u>

Non-current portion of balances due from related parties, pertains to retention receivables on contracts signed with related parties.

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15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.3 Balances continued

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
<i>Due to related parties (entities under common control)</i>		
<i>Current:</i>		
Trojan General Contracting LLC	288,954	27,415
Power House Group for Company Management LLC	79,821	-
Bunya Enterprises LLC	75,435	-
Hydra Commercial LLC	24,308	-
Royal Group Management LLC	11,118	2,611
Pal Technology Services LLC	9,539	10,045
National Projects and Construction L.L.C	1,465	9,743
Infinity TV FZ LLC	6,618	-
Al Maha Modular Industries LLC	6,512	6,512
Royal Group Holding LLC	6,291	-
Toshiba Elevator Middle East LLC	4,700	-
Al Tamouh Investments Company LLC	-	15,673
Others	<u>146,180</u>	<u>107,140</u>
	<u>660,941</u>	<u>179,139</u>
<i>Non-current:</i>		
National Projects and Construction LLC	22,265	-
Trojan General Contracting LLC	7,721	-
Royal Group Holding LLC	2,520	-
Others	<u>791</u>	<u>-</u>
	<u>33,297</u>	<u>-</u>

Non-current portion of balances due to related parties, pertains to retention payables on contracts signed with related parties.

16 BASIC EARNINGS PER SHARE

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

	<i>Three months ended</i> 30 September		<i>Nine months ended</i> 30 September	
	<i>(Unaudited)</i> 2020 AED '000	<i>(Unaudited)</i> 2019 AED '000	<i>(Unaudited)</i> 2020 AED '000	<i>(Unaudited)</i> 2019 AED '000
Profit attributable to the Owners of the Company (AED'000)	<u>932,697</u>	<u>16,573</u>	<u>1,715,150</u>	<u>26,267</u>
Weighted average number of shares (shares in '000)	<u>1,821,429</u>	<u>1,821,429</u>	<u>1,821,429</u>	<u>956,751</u>
Basic earnings per share for the period (AED)	<u>0.512</u>	<u>0.009</u>	<u>0.942</u>	<u>0.027</u>

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17 CONTINGENT LIABILITIES AND COMMITMENTS

17.1 Contingent liabilities

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Letters of guarantee	<u>693,497</u>	<u>173,376</u>
Letters of credit	<u>75,658</u>	<u>55,254</u>

17.2 Commitments

Commitments for capital expenditures	<u>339,227</u>	<u>205,268</u>
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18 REVENUE

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

	<i>(Unaudited)</i> 30 September 2020 AED'000	<i>(Unaudited)</i> 30 September 2019 AED'000
Healthcare and other medical supplies	1,901,853	-
Food products revenue	612,171	284,048
Maintenance and service revenue	583,655	-
Sale of industrial and medical equipments	375,505	-
Infrastructure and construction contracting revenue	281,532	147,372
Coaching and training services	206,274	-
District cooling services	172,100	67,141
Property management	141,437	-
Animal Feed	137,818	114,788
Sale of properties	86,234	-
Rental income	56,496	-
Others	<u>53,279</u>	<u>-</u>
	<u>4,608,354</u>	<u>613,349</u>
<i>Timing of revenue recognition</i>		
Revenue at a point in time	4,292,374	415,564
Revenue over time	<u>315,980</u>	<u>197,785</u>
	<u>4,608,354</u>	<u>613,349</u>
<i>Geographical markets</i>		
UAE	4,386,280	402,101
Outside UAE	<u>222,074</u>	<u>211,248</u>
	<u>4,608,354</u>	<u>613,349</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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).

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

<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>30 September 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	168,103	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	253,186	41,056	Level 3	Discounted cash flow method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Unquoted equity investments – financial assets at fair value through profit or loss	28,665	-	Level 3	Discounted cash flow method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Biological assets*	1,127	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 at 30 September 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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19 FAIR VALUE MEASUREMENT 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>30 September 2020 (unaudited) AED'000</i>	<i>31 December 2019 (audited) AED'000</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>
Investment properties, excluding properties under development	4,703,833	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, sale of medical equipments and supplies.

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.

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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>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>	<i>30 September</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue	172,100	67,140	521,085	147,345	479,528	-	2,633,455	-	733,654	398,864	68,532	-	-	-	4,608,354	613,349
Cost of revenue	(88,939)	(41,011)	(376,519)	(124,694)	(371,398)	-	(1,519,227)	-	(615,133)	(352,585)	(27,319)	-	-	-	(2,998,535)	(518,290)
Gross profit	83,161	26,129	144,566	22,651	108,130	-	1,114,228	-	118,521	46,279	41,213	-	-	-	1,609,819	95,059
Selling and distribution expenses	-	-	(1,721)	-	-	-	(681)	-	(32,297)	(28,034)	-	-	(16,697)	-	(51,396)	(28,034)
General and administrative expenses	(12,567)	(4,462)	(61,210)	(17,996)	(58,233)	-	(60,565)	-	(47,342)	(28,559)	(18,512)	-	(12,747)	(6,624)	(271,176)	(57,641)
Operating profit (loss)	70,594	21,667	81,635	4,655	49,897	-	1,052,982	-	38,882	(10,314)	22,701	-	(29,444)	(6,624)	1,287,247	9,384
Investment income	-	-	5,922	-	(182)	-	-	-	-	-	510,717	13,417	2,269	-	518,726	13,417
Other income (expense)	-	46	9,663	4,961	(1,618)	-	(34,563)	-	9,261	5,712	3,810	-	3,105	-	(10,342)	10,719
Finance costs	(9,518)	(4,541)	(6,293)	-	(2,985)	-	(199)	-	(2,173)	(1,361)	(3,245)	-	(3,911)	(243)	(28,324)	(6,145)
Gain on acquisition	-	-	-	-	-	-	-	-	4,745	-	-	-	-	-	4,745	-
Income tax	-	-	-	-	-	-	-	-	418	-	-	-	-	-	418	-
Profit (loss) for the period	61,076	17,172	90,927	9,616	45,112	-	1,018,220	-	51,133	(5,963)	533,983	13,417	(27,981)	(6,867)	1,772,470	27,375
Add: depreciation and amortisation	21,597	7,581	47,984	1,820	19,883	-	46,310	-	23,201	3,419	13,515	-	-	-	172,490	12,820
Add: finance costs	9,518	4,541	6,293	-	2,985	-	199	-	2,173	1,361	3,245	-	3,911	243	28,324	6,145
Gain on acquisition	-	-	-	-	-	-	-	-	(4,745)	-	-	-	-	-	(4,745)	-
Less: income tax	-	-	-	-	-	-	-	-	(418)	-	-	-	-	-	(418)	-
EBITDA	92,191	29,294	145,204	11,436	67,980	-	1,064,729	-	71,344	(1,183)	550,743	13,417	(24,070)	(6,624)	1,968,121	46,340
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>	<i>31 December</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment assets	1,124,442	964,043	4,405,535	561,534	765,343	397,665	2,279,577	206,035	1,103,452	848,131	2,279,724	684,435	108,827	316,306	12,066,900	3,978,149
Segment liabilities	592,870	493,547	2,501,321	103,023	48,217	138,434	862,377	53,370	501,449	343,651	1,610,010	548,704	151,540	102,511	6,267,784	1,783,240

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21 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the nine months period ended 30 September 2020 and 30 September 2019.

22 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 nine months period ended 30 September 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.

23 SUBSEQUENT EVENTS

The Group’s Board of Directors resolved to approve the acquisition of the following entities on 11 August 2020. As at reporting date, the legal formalities of the entities being acquired were not completed.

- (i) Afkar Financial & Property Investment LLC - 60% equity interest
- (ii) Falcon CI IV, LP – 84% equity interest

Further, subsequent to period end, the Group’s following subsidiaries have initiated the process of getting listed in the secondary market of the Emirates of Abu Dhabi.

- (i) Palms Sports LLC
- (ii) Zee Stores LLC
- (iii) Easy Lease Motorcycle Rental LLC

Legal requirements for the aforementioned listing are in process.