

**INTERNATIONAL FISH FARMING
HOLDING COMPANY (PSC) –
ASMAK AND ITS SUBSIDIARIES**

**Review report and interim financial
information for the three months
period ended 31 March 2017**

**INTERNATIONAL FISH FARMING HOLDING COMPANY (PSC) - ASMAK
AND ITS SUBSIDIARIES**

**Review report and interim financial information
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REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
International Fish Farming Holding Company (PSC) - ASMAK
Abu Dhabi
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of International Fish Farming Holding Company (PSC) - ASMAK (“the Company”) and its subsidiaries (together referred to as “the Group”) as at 31 March 2017 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard (IAS) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 financial information is not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.

Deloitte & Touche (M.E.)



Signed by:
Mohammad Khamees Al Tah
Registration Number 717
10 May 2017
Abu Dhabi
United Arab Emirates

**Condensed consolidated statement of financial position
at 31 March 2017**


	Notes	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,077	10,215
Investment properties	5	98,584	98,363
Investment in associates and joint ventures	6	11,520	9,144
Available-for-sale investments	7	14,773	14,877
Total non-current assets		133,954	132,599
Current assets			
Inventories	8	18,879	27,946
Biological assets		8,812	10,707
Due from related parties		49,883	54,314
Trade and other receivables		144,507	140,159
Cash and bank balances	9	275,230	258,769
Total current assets		497,311	491,895
Total assets		631,265	624,494
EQUITY AND LIABILITIES			
Equity			
Share capital	10	510,000	510,000
Statutory reserve	11	8,040	8,040
Cumulative changes on revaluation of investments		(17)	87
Retained earnings		20,389	8,346
Equity attributable to owners of the Company		538,412	526,473
Non-controlling interest		4,868	4,271
Total equity		543,280	530,744
Non-current liabilities			
Provision for employees' end of service benefit		15,164	14,937
Obligations under finance leases		393	496
Total non-current liabilities		15,557	15,433
Current liabilities			
Trade and other payables		62,764	67,338
Due to related parties		1,660	2,906
Loan from a related party	12	7,465	7,465
Obligations under finance leases		539	608
Total current liabilities		72,428	78,317
Total liabilities		87,985	93,750
Total equity and liabilities		631,265	624,494




Chairman



Chief Executive Officer



Chief Financial Officer



Director

**Condensed consolidated statement of profit or loss (unaudited)
for the three months period ended 31 March 2017**

	Note	Three months period ended 31 March	
		2017	2016
		AED'000	AED'000
Revenue		94,605	98,920
Cost of revenue		(77,002)	(81,795)
Gross profit		17,603	17,125
General and administrative expenses		(8,830)	(8,782)
Selling and distribution expenses		(5,538)	(7,348)
Change in fair value of biological assets		50	(40)
Other income		1,907	5,712
Investment income		7,448	5,836
Finance costs		-	(49)
Profit for the period		12,640	12,454
Attributable to:			
Owners of the Company		12,043	12,227
Non-controlling interests		597	227
Profit for the period		12,640	12,454
Basic earnings per share (AED)	14	0.02	0.02

**Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)
for the three months period ended 31 March 2017**

	<u>Three months period ended 31 March</u>	
	2017	2016
	AED'000	AED'000
Profit for the period	12,640	12,454
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in the fair value of available for sale investments	(104)	121
Total other comprehensive (loss)/income	(104)	121
Total comprehensive income for the period	12,536	12,575
Attributable to:		
Owners of the Company	11,939	12,348
Non-controlling interests	597	227
	12,536	12,575

INTERNATIONAL FISH FARMING HOLDING COMPANY (PSC) - ASMAK
AND ITS SUBSIDIARIES

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Condensed consolidated statement of changes in equity
for the three months period ended 31 March 2017

	Share capital AED'000	Statutory reserve AED'000	Cumulative changes on revaluation of investments AED'000	(Accumulated losses)/ retained earnings AED'000	Equity attributable to Owners of the Company AED'000	Non- controlling interests AED'000	Total AED'000
Balance at 31 December 2015 (audited)	510,000	5,430	-	(15,156)	500,274	6,693	506,967
Profit for the period	-	-	-	12,227	12,227	227	12,454
Other comprehensive income for the period	-	-	121	-	121	-	121
Total comprehensive income for the period	-	-	121	12,227	12,348	227	12,575
Dividends paid	-	-	-	-	-	(4,000)	(4,000)
Net movement in minority interest	-	-	-	-	-	1,346	1,346
Balance at 31 March 2016 (unaudited)	510,000	5,430	121	(2,929)	512,622	4,266	516,888
Balance at 31 December 2016 (audited)	510,000	8,040	87	8,346	526,473	4,271	530,744
Profit for the period	-	-	-	12,043	12,043	597	12,640
Other comprehensive income for the period	-	-	(104)	-	(104)	-	(104)
Total comprehensive income for the period	-	-	(104)	12,043	11,939	597	12,536
Balance at 31 March 2017 (unaudited)	510,000	8,040	(17)	20,389	538,412	4,868	543,280

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

**Condensed consolidated statement of cash flows (unaudited)
for the three months period ended 31 March 2017**

	Three months period ended 31 March	
	2017	2016
	AED'000	AED'000
Cash flows from operating activities		
Profit for the period	12,640	12,454
Adjustments for:		
Depreciation of property, plant and equipment	1,274	1,431
Depreciation of investment properties	113	2,388
Share of profit from investment in associates and joint ventures	(3,576)	(2,659)
Change in fair value of biological assets	(50)	40
Provision for employees' end of service benefit	726	693
Gain on disposal of property, plant and equipment	(446)	(217)
Allowance for slow moving inventories	175	373
Allowance for doubtful accounts	224	122
Interest and dividend income	(3,872)	(3,177)
Finance costs	-	49
	7,208	11,497
Operating cash flows before changes in operating assets and liabilities		
Decrease/(increase) in inventories	8,892	(4,540)
Decrease/(increase) in biological assets	1,945	(1,582)
Decrease/(increase) in due from related parties	4,431	(1,734)
Increase in trade and other receivables	(3,937)	(8,639)
(Decrease)/increase in due to related parties	(1,246)	2,439
(Decrease)/increase in trade and other payables	(4,574)	1,418
	12,719	(1,141)
Cash generated from/(used in) operations		
Employees' end of service benefit paid	(499)	(655)
Finance costs paid	-	(49)
	12,220	(1,845)
Net cash generated from/(used in) operating activities		
Cash flows from investing activities		
Increase in fixed deposits	-	(99,508)
Purchase of property, plant and equipment	(147)	(536)
Proceeds from sale of property, plant and equipment	457	276
Dividend received from associates and joint ventures	1,200	3,800
Purchase of investment properties	(334)	-
Interest and dividends received	3,237	3,177
	4,413	(92,791)
Net cash generated from/(used in) investing activities		
Cash flows from financing activities		
Increase in bank borrowings	-	859
Dividend paid to non-controlling interest	-	(4,000)
(Decrease)/increase in obligation under finance lease	(172)	155
Net movement in non-controlling interest	-	1,346
	(172)	(1,640)
Net cash used in financing activities		
Net increase/(decrease) in cash and cash equivalents during the period	16,461	(96,276)
Cash and cash equivalents at beginning of the period	157,894	247,335
Cash and cash equivalents at end of the period (Note 15)	174,355	151,059

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017**

1 General information

International Fish Farming Holding Company (PSC) - Asmak (“the Company”) is a Public Shareholding Company incorporated in Abu Dhabi by an Emiri Decree No.15 issued by His Highness The Ruler of Abu Dhabi on 23 November 1998. The Group comprises International Fish Farming Holding Company (PSC) - Asmak and its subsidiaries (“the Group”) (Note 3).

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

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

Subsequent to the period end, the Shareholders in their Annual General Assembly Meeting held on 17 April 2017 approved to amend the Company’s name from International Fish Farming Holding Company (PSC) - Asmak to International Holdings Company PSC. The legal formalities for the amendment have not been completed as of the reporting date.

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

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

2.2 New and revised IFRS in issue but not yet effective and not early adopted

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 and IAS 28	1 January 2018
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
The interpretation addresses foreign currency transactions or parts of transactions where:	
<ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. 	
Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IAS 40 <i>Investment Property</i> : Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 4 <i>Insurance Contracts</i> : Relating to the different effective dates of IFRS 9 <i>Financial Instruments</i> and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

New and revised IFRSs

**Effective for
annual periods
beginning on or after**

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014)

1 January 2018

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
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IFRS 15 Revenue from Contracts with Customers

1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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

Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

1 January 2018

IFRS 16 Leases

1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

**2 Application of new and revised International Financial Reporting Standards (IFRS)
(continued)**

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

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's interim financial information as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9, IFRS 15 and IFRS 16, may have no material impact on the interim financial information of the Group in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Group's interim financial information for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Group's interim financial information for the annual period beginning 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Group's interim financial information in respect of revenue from contracts with customers and the Group's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Group's interim financial information in respect of its leases.

However, it is not practicable to provide a reasonable estimate of effects of the application of these standards until the Group performs a detailed review.

3 Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated and all values are rounded to the nearest thousand (AED'000) except when otherwise indicated.

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.1 Basis of preparation (continued)

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2016. In addition, results for the three months period ended 31 March 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The accounting policies, presentation and methods used in these condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2016.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to property, plant and equipment, investment property, investment in associates and joint ventures and investment in available-for-sale securities have been disclosed in these condensed consolidated financial statements.

3.2 Property, plant and equipment

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

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

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

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

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

Depreciation is provided on the straight-line method based on the anticipated useful lives, as follows:

	Years
Fish farming assets	5-12
Buildings and leasehold improvements	5-15
Plant and equipment	3-5
Furniture, fixture and equipment	3-5
Motor vehicles	4-5
Marine vessels	10-25

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.3 Investment property

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

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

Depreciation is charged so as to write off the cost of a property, other than capital work in progress, over its estimated useful life, using the straight-line method over a period of 8 years. The estimated useful life, residual value and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.4 Investment in associates and joint ventures

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

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

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

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.4 Investment in associates and joint ventures (continued)

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associates and joint ventures. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains its interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

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

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

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

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.5 Available for sale investments

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

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

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

3.6 Basis for consolidation

The condensed consolidated financial statements of International Fish Farming Holding Company (PSC) – Asmak and its Subsidiaries (the “Group”) comprise the financial information of the Company and its subsidiaries.

Control is achieved when the Company:

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

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

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

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

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.6 Basis for consolidation (continued)

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

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

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

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

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 IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

3 Summary of significant accounting policies (continued)

3.6 Basis for consolidation (continued)

Details of Company's subsidiaries as at 31 March 2017 and 2016 were as follows:

<u>Name of subsidiary</u>	<u>Place of incorporation and operation</u>	<u>Principal activities</u>	<u>Proportion of ownership interest and voting power held</u>
Alliance Foods Company LLC	United Arab Emirates	Trading, processing and packing of seafood products.	100%
Alliance Food Security Holdings L.L.C.	United Arab Emirates	General trading, importing, exporting, storing in public store houses, commercial brokers and storekeepers and warehouses management and operations. Wholesale of fodder trading, canned and preserved foodstuff trading, frozen foodstuff trading and agriculture foodstuff trading.	100%
Emirates Stallions Properties LLC	United Arab Emirates	Buying, selling and dividing plots and real estate management and developing and leasing of real estate.	100%
Abu Dhabi Land General Contracting LLC	United Arab Emirates	Technical, commercial and contracting services specifically marine work contract.	100%
Gulf Dunes Landscaping and Agricultural Services LLC	United Arab Emirates	Landscaping design and execution.	100%
Century Real Estate Management LLC	United Arab Emirates	Labour camp management	80%
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%

On 13 January 2016, the Group disposed its shares in Asmak Quriyat International L.L.C.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

4 Property, plant and equipment

During the current period, additions to property, plant and equipment amounted to AED 147 thousand (three months period ended 31 March 2016: AED 536 thousand) and depreciation charge for the three months period ended 31 March 2017 amounted to AED 1,274 thousand (three months period ended 31 March 2016: AED 1,431 thousand).

During the current period, the Group disposed of property, plant and equipment with net book value of AED 11 thousand (three months period ended 31 March 2016: AED Nil) at AED 457 thousand (three months period ended 31 March 2016: AED Nil), resulting in a gain on disposal of property, plant and equipment amounting to AED 446 thousand (three months period ended 31 March 2016: AED Nil).

5 Investment properties

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Land	97,438	97,438
Buildings	69,011	68,677
	<hr/> 166,449	<hr/> 166,449
Less: accumulated depreciation and impairment loss	(67,865)	(67,752)
	<hr/> 98,584 <hr/>	<hr/> 98,363 <hr/>

During the current period, additions to investment property amounted to AED 334 thousand (three months period ended 31 March 2016: Nil) and depreciation charges for the three months period ended 31 March 2017 amounted to AED 113 thousand (three months period ended 31 March 2016: AED 2,388 thousand).

The fair value of the buildings was determined by using discounted cash flow model prepared internally by the management as at 31 December 2016. The fair value of the buildings as at 31 December 2016 was estimated to be around AED 23.34 million. The carrying amount of the building as at 31 March 2017 is AED 1,146 thousand (31 December 2016: AED 925 thousand). The buildings are located in Reem Island, Abu Dhabi. Management believes that the value did not materially change during the three months period ended 31 March 2017.

Investment in plots of land represents the value of three plots of land located in Meena area, Abu Dhabi with carrying amount of AED 97 million (2016: three plots of land with carrying amount of AED 97 million) and are mortgaged to a bank against credit facilities granted to the Group. The fair value of the plots of land amounting to AED 261.2 million was determined based on the market comparable approach that reflects recent transactions prices for similar properties as at 31 December 2016. In estimating the fair value of the properties, the highest and best use of the properties was determined to be their current use. There has been no change to the valuation technique during the current period.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

6 Investment in associates and joint ventures

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

Name of entity	Principal activities	Place of incorporation and operation	Ownership interest	
			2017	2016
<i>Associates</i>				
Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	U.A.E.	47%	47%
Tafseer Contracting & General Maintenance Company L.L.C.	Real estate enterprise investment, development, institution and management.	U.A.E	20%	20%
<i>Joint ventures</i>				
Lazio Real Estate Investment LLC	Real estate enterprise investment, development, institution and management.	U.A.E.	65%	60%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management.	U.A.E.	65%	65%

During the current period, the Group has acquired additional shares in Lazio Real Estate Investment LLC for no consideration. In accordance with Amendment No.4 to the Joint Venture Agreement of Labour Camps, at Al Reef, Abu Dhabi, the shareholding in Lazio Real Estate Investment LLC increased in the current period from 60% to 65%, effective as of 1 January 2017.

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

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Balance at the beginning of the period/year	9,144	13,745
Share of the Group's profit for the period/year	3,576	10,239
Dividend received during the period/year	(1,200)	(14,840)
Balance at the end of the period/year	11,520	9,144

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

6 Investment in associates and joint ventures (continued)

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

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Total assets	31,565	27,582
Total liabilities	(11,670)	(12,026)
Net assets	19,895	15,556
Group's share of net assets of associates and joint ventures	11,520	9,144
	Three months period ended	
	31 March 2017 (unaudited) AED'000	31 March 2016 (unaudited) AED'000
Total revenue	13,377	13,848
Profit for the period	6,339	5,399
Group's share in profits, net	3,576	2,659
7 Available-for-sale investments		
	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Quoted	634	738
Unquoted	14,139	14,139
	14,773	14,877
In U.A.E. markets	14,773	14,877

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

7 Available-for-sale investments (continued)

Movements in available-for-sale investments were as follows:

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Fair value at the beginning of the period/year	14,877	14,790
Change in fair value	(104)	87
	<hr/>	<hr/>
Fair value at the end of the period/year	14,773	14,877

Investments in marketable securities amounting to AED 634 thousand (31 December 2016: AED 738 thousand) are registered in the names of related parties on trust and for the benefit of the Group.

8 Inventories

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Fish and fish products	13,534	20,383
Fish feed	423	549
Other material- packing and raw materials	5,579	2,568
Goods in transit	168	5,185
	<hr/>	<hr/>
	19,704	28,685
Less: allowance for slow moving inventories	(825)	(739)
	<hr/>	<hr/>
	18,879	27,946

Movements in allowance for slow moving inventories:

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Balance at the beginning of the period/year	739	869
Amounts charged to income during the period/year	175	443
Allowance written off	(89)	(567)
Allowance written back	-	(6)
	<hr/>	<hr/>
Balance at the end of the period/year	825	739

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

9 Cash and bank balances

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Cash on hand	428	397
Bank balances:		
Current and call accounts	6,043	11,433
Fixed deposits	268,759	246,939
	<u>275,230</u>	<u>258,769</u>

10 Share capital

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Authorised issued and fully paid 510 million shares of AED 1 each (31 December 2016: 510 million shares of AED 1 each)	<u>510,000</u>	<u>510,000</u>

11 Statutory reserve

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

12 Loan from a related party

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

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Royal Group – corporate office	<u>7,465</u>	<u>7,465</u>

The loan from a related party is unsecured, non-interest bearing and repayable on demand.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

13 Related party transactions

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

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

13.1 Transactions

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

	Three months period ended	
	31 March 2017 (unaudited) AED'000	31 March 2016 (unaudited) AED'000
<i>Other related parties</i>		
Sales of fish and fish products	1,557	1,931

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

13.2 Key management remuneration

	Three months period ended	
	31 March 2017 (unaudited) AED'000	31 March 2016 (unaudited) AED'000
Salaries and employee benefits	1,394	1,690

14 Basic earnings per share

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

	Three months period ended	
	31 March 2017 (unaudited)	31 March 2016 (unaudited)
Profit for the period (AED'000)	12,043	12,227
Weighted average number of shares (shares in '000)	510,000	510,000
Basic earnings per share for the period (AED)	0.02	0.02

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

15 Cash and cash equivalents

	31 March 2017 (unaudited) AED'000	31 March 2016 (unaudited) AED'000
Total bank balances and cash	275,230	254,684
Less: pledged fixed deposits and long-term fixed deposits	(100,875)	(103,625)
	174,355	151,059

16 Contingent liabilities and commitments

16.1 Contingent liabilities

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Letters of guarantee	56,548	68,220
Letters of credit	5,119	5,236

16.2 Operating lease commitments

The Group has a lease agreement which expires on 31 January 2028. Non-cancellable operating lease rentals are payable as follows:

	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
No later than one year	200	200
Later than one year and no later than five years	800	800
Later than five years	1,150	1,200
	2,150	2,200

17 Seasonality of results

No significant income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three months period ended 31 March 2017 and 2016.

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

18 Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair value of these financial assets are determined:

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000				
Quoted equity investments – available-for-sale	634	738	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted equity investments – available-for-sale	14,139	14,139	Level 3	Net assets valuation method due to the non-availability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value	Higher the net assets value of the investees, higher the fair value.

18.2 Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

18 Fair value measurements (continued)

18.2 Fair value hierarchy (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
31 March 2017 (unaudited)				
Available for sale investments				
Quoted equities	634	-	-	634
Unquoted equities	-	-	14,139	14,139
	634	-	14,139	14,773
31 December 2016 (audited)				
Available for sale investments				
Quoted equities	738	-	-	738
Unquoted equities	-	-	14,139	14,139
	738	-	14,139	14,877

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.

19 Segmental analysis

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

- **Fish farming/trading & processing** include freezing fish and seafood, preparing and packing seafood products, fish farming and trading in fish and seafood products and general trading of foodstuff.
- **Investments** include investments in equity securities, investment in associates and joint ventures, investment properties and term deposits.
- **Contracting** include technical, commercial and contracting services specifically marine work contract, landscaping design and execution, and labour camp management.

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**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

19. Segmental analysis (continued)

	Fish farming/ Trading & processing		Investments		Contracting		Total	
	Three months period ended 31 March 2017 (unaudited) AED'000	2016 (unaudited) AED'000	Three months period ended 31 March 2017 (unaudited) AED'000	2016 (unaudited) AED'000	Three months period ended 31 March 2017 (unaudited) AED'000	2016 (unaudited) AED'000	Three months period ended 31 March 2017 (unaudited) AED'000	2016 (unaudited) AED'000
Revenue	72,497	73,801	-	-	22,108	25,119	94,605	98,920
Result								
Segment results	10	1,331	-	(49)	4,686	5,159	4,696	6,441
Interest and dividends	-	-	3,872	3,177	-	-	3,872	3,177
Share of profit from associates and joint ventures	-	-	3,576	2,659	-	-	3,576	2,659
Other income/(expense)	-	-	-	-	50	(40)	50	(40)
Gain on sale of property, plant and equipment	333	150	-	-	113	67	446	217
Profit for the period							12,640	12,454
Attributable to:								
Owners of the Company							12,043	12,227
Non-controlling interests							597	227
							12,640	12,454

Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)

19 Segmental analysis (continued)

	Fish farming/ Trading & processing		Investments		Contracting		Total	
	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000	31 March 2017 (unaudited) AED'000	31 December 2016 (audited) AED'000
Segment assets	97,464	99,763	393,637	369,323	140,164	155,408	631,265	624,494
Segment liabilities	20,826	23,870	-	-	67,159	69,880	87,985	93,750

**Notes to the condensed consolidated financial statements
for the three months period ended 31 March 2017 (continued)**

20 Approval of the condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 May 2017.