

# **International Holdings Company PJSC**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**PERIOD ENDED 30 JUNE 2020**

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

*Introduction*


We have reviewed the accompanying interim condensed consolidated financial statements of International Holdings Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 30 June 2020, comprising of the interim consolidated statement of financial position as at 30 June 2020, and the related interim consolidated statements of profit or loss and other comprehensive income for the three months and six months period then ended and the related interim consolidated statements of changes in equity and cash flows for the six 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

10 August 2020  
Abu Dhabi

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

		<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,456,131	1,220,662
Intangible assets and goodwill		536,925	351,988
Right-of-use assets		100,845	85,666
Investment properties	5	1,377,879	328
Investment in associates and joint ventures	6	373,278	7,331
Investments in financial assets	7	96,502	43,183
Trade and other receivables		354,324	571
Loan to a related party	15.2	1,200	1,200
Deferred tax assets		<u>1,503</u>	<u>1,143</u>
		<b><u>4,298,587</u></b>	<b><u>1,712,072</u></b>
<b>Current assets</b>			
Inventories	9	548,769	137,824
Development work in progress	10	606,745	-
Biological assets		5,202	5,283
Due from related parties	15.3	562,366	200,848
Trade and other receivables		2,059,873	616,937
Cash and bank balances	11	<u>1,794,399</u>	<u>1,305,185</u>
		<b>5,577,354</b>	<b>2,266,077</b>
Assets held for sale	8	<u>833,227</u>	<u>-</u>
		<b><u>6,410,581</u></b>	<b><u>2,266,077</u></b>
<b>TOTAL ASSETS</b>		<b><u>10,709,168</u></b>	<b><u>3,978,149</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	1,821,429	1,821,429
Merger reserve		1,525,783	(219,722)
Statutory reserve	14	45,191	45,191
Cumulative changes on revaluation of investments		364	8,394
Currency translation reserve		(1,554)	(287)
Retained earnings		<u>1,299,929</u>	<u>517,476</u>
<b>Equity attributable to owners of the Company</b>		<b>4,691,142</b>	<b>2,172,481</b>
Non-controlling interests		<u>92,234</u>	<u>22,428</u>
<b>Total equity</b>		<b><u>4,783,376</u></b>	<b><u>2,194,909</u></b>

International Holdings Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued  
At 30 June 2020

		<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
	<i>Note</i>		
<b>EQUITY AND LIABILITIES</b> continued			
<b>Non-current liabilities</b>			
Employees' end of service benefit		103,588	49,544
Lease liabilities		83,953	76,133
Bank borrowings		1,047,009	326,937
Other long term liabilities		327,975	161,413
Deferred tax liabilities		<u>-</u>	<u>1,599</u>
		<b><u>1,562,525</u></b>	<b><u>615,626</u></b>
<b>Current liabilities</b>			
Due to related parties	15.3	590,200	179,139
Lease liabilities		13,615	8,828
Bank borrowings		214,431	117,935
Trade and other payables		<u>3,545,021</u>	<u>861,712</u>
		<b><u>4,363,267</u></b>	<b><u>1,167,614</u></b>
<b>Total liabilities</b>		<b><u>5,925,792</u></b>	<b><u>1,783,240</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>10,709,168</u></b>	<b><u>3,978,149</u></b>



Chief Financial Officer



Managing Director



Director

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

# International Holdings Company PJSC

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

For the period ended 30 June 2020

	Notes	<i>Three months ended</i>		<i>Six months ended</i>	
		<i>30 June</i>		<i>30 June</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	1,743,633	162,040	2,456,737	353,023
Cost of revenue		(1,066,198)	(142,299)	(1,573,915)	(307,452)
<b>Gross profit</b>		<b>677,435</b>	<b>19,741</b>	<b>882,822</b>	<b>45,571</b>
General and administrative expenses		(89,692)	(16,950)	(161,812)	(36,357)
Selling and distribution expenses		(10,610)	(11,399)	(39,483)	(17,672)
Investment and other income		10,800	3,992	25,068	11,880
Share of profit from investment in associates and joint ventures	6	135,388	1,480	148,912	2,913
Fair value gain on previously held equity interest	6	-	5,494	-	5,494
Other expenses		(15,299)	-	(26,945)	-
Finance costs		(6,876)	(850)	(15,384)	(1,057)
Profit before tax		701,146	1,508	813,178	10,772
Income tax benefit for the period		172	-	358	-
<b>Profit for the period</b>		<b>701,318</b>	<b>1,508</b>	<b>813,536</b>	<b>10,772</b>
<b>Attributable to:</b>					
Owners of the Company		670,259	683	782,453	9,663
Non-controlling interests		31,059	825	31,083	1,109
<b>Profit for the period</b>		<b>701,318</b>	<b>1,508</b>	<b>813,536</b>	<b>10,772</b>
<b>Basic earnings per share</b>	16	<b>0.37</b>	0.0004	<b>0.43</b>	0.005

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

# International Holdings Company PJSC

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

For the period ended 30 June 2020

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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>
<b>Profit for the period</b>	<b>701,318</b>	1,508	<b>813,536</b>	10,772
<b>Other comprehensive income (loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange difference on translation of foreign operations	(489)	47	(1,584)	(353)
<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>(948)</u>	<u>343</u>	<u>(8,030)</u>	<u>416</u>
<b>Total other comprehensive (loss) income</b>	<b><u>(1,437)</u></b>	<b><u>390</u></b>	<b><u>(9,614)</u></b>	<b><u>63</u></b>
<b>Total comprehensive income for the period</b>	<b><u>699,881</u></b>	<b><u>1,898</u></b>	<b><u>803,922</u></b>	<b><u>10,835</u></b>
<b>Attributable to:</b>				
Owners of the Company	668,920	1,064	773,156	9,797
Non-controlling interests	<u>30,961</u>	<u>834</u>	<u>30,766</u>	<u>1,038</u>
	<b><u>699,881</u></b>	<b><u>1,898</u></b>	<b><u>803,922</u></b>	<b><u>10,835</u></b>

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

# International Holdings Company PJSC

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

For the six months period ended 30 June 2020

	Attributable to equity holders of the Company								
	Share capital AED '000	Merger reserve AED '000	Statutory reserve AED '000	Cumulative changes on revaluation of investments AED '000	Currency translation reserve AED '000	Retained earnings AED '000	Total AED '000	Non controlling interests AED '000	Total equity AED '000
Balance at 1 January 2019 (audited)	510,000	-	12,820	7,668	(102)	46,644	577,030	9,269	586,299
Profit for the period	-	-	-	-	-	9,663	9,663	1,109	10,772
Other comprehensive income (loss) for the period	-	-	-	416	(282)	-	134	(71)	63
Total comprehensive income (loss) for the period	-	-	-	416	(282)	9,663	9,797	1,038	10,835
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
<b>Balance at 30 June 2019 (unaudited)</b>	<b>1,821,429</b>	<b>(886,391)</b>	<b>12,820</b>	<b>8,084</b>	<b>(384)</b>	<b>53,950</b>	<b>1,009,508</b>	<b>27,227</b>	<b>1,036,735</b>
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	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	(8,030)	(1,267)	782,453	782,453	31,083	813,536
Total comprehensive income for the period	-	-	-	(8,030)	(1,267)	782,453	773,156	30,766	803,922
Business combination of entities under common control (note 12)	-	1,690,755	-	-	-	-	1,690,755	647	1,691,402
Acquisition of associates (note 6)	-	54,750	-	-	-	-	54,750	-	54,750
Acquisition of subsidiary (note 12)	-	-	-	-	-	-	-	38,393	38,393
<b>Balance at 30 June 2020 (unaudited)</b>	<b>1,821,429</b>	<b>1,525,783</b>	<b>45,191</b>	<b>364</b>	<b>(1,554)</b>	<b>1,299,929</b>	<b>4,691,142</b>	<b>92,234</b>	<b>4,783,376</b>

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

# International Holdings Company PJSC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months period ended 30 June 2020

	Notes	Six months period ended 30 June	
		2020 AED'000	2019 AED'000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		813,178	10,772
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets		48,341	2,533
Depreciation of investment properties	5	24,833	208
Amortisation of intangible and biological assets		35,177	-
Share of profit from investment in associates and joint ventures	6	(148,912)	(2,913)
Change in fair value of biological assets		-	400
Provision for employees' end of service benefits		29,029	1,848
Gain on disposal of property, plant and equipment		(242)	(36)
Impairment of property, plant and equipment		2,347	-
Allowance for slow moving inventories	9	40,790	1,456
Allowance for expected credit losses		20,608	2,378
Interest and dividend income		(8,273)	(8,054)
Fair value gain on revaluation of acquirers' previously held equity interest	6	-	(5,494)
Exchange losses		-	243
Finance costs		15,384	814
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>872,260</b>	<b>4,155</b>
(Increase) decrease in inventories		(374,589)	12,415
(Increase) decrease in biological assets		(3,174)	173
(Increase) decrease in due from related parties		(316,099)	548
Increase in trade and other receivables		(660,832)	(21,167)
Increase in development work in progress		(7,086)	-
Increase in due to related parties		354,357	3,145
Increase in other long term liabilities		166,562	-
Increase (decrease) in trade and other payables		617,260	(29,207)
Cash generated from (used in) operations		648,659	(29,938)
Employees' end of service benefits paid		(10,650)	(1,875)
Finance costs paid		(12,170)	(814)
Net cash generated from (used in) operating activities		625,839	(32,627)
<b>INVESTING ACTIVITIES</b>			
Business combination of entities under common control	12.1	389,542	13,850
Acquisition of subsidiaries	12.2	(185,963)	(7,685)
Addition to property, plant and equipment		(63,759)	(22,153)
Addition to intangible assets		(1,241)	-
Proceeds from sale of property, plant and equipment		1,023	948
Addition to investment properties		(220,456)	-
Addition to investments in financial assets	7	(28,665)	-
Purchase of investment in associate	6	(12,215)	-
Addition to assets held for sale		(20,512)	-
(Increase) decrease in fixed deposits		(70,491)	48,586
Dividend received from associates and joint ventures	6	4,445	5,095
Investment income received		8,273	8,054
Net cash (used in) generated from investing activities		(200,019)	46,695
<b>FINANCING ACTIVITIES</b>			
Net movement in bank borrowings		7,637	7,964
Net movement in non-controlling interest		(317)	-
Repayment of loan from related parties		-	(3,145)
Payment against lease liabilities		(14,228)	-
Net cash (used in) generated from financing activities		(6,908)	4,819
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>418,912</b>	<b>18,887</b>
Cash and cash equivalents at beginning of the period		1,284,853	91,772
Effect of foreign exchange rate changes		(189)	(353)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	11	<b>1,703,576</b>	<b>110,306</b>

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



# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020 (Unaudited)

### 1 GENERAL INFORMATION

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

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

These interim condensed consolidated financial statements include the results of operations and financial position of International Holdings Company PJSC (the “Company”) and its subsidiaries, associates and joint ventures (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;
- general trading of foodstuff and cinema shows;
- installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects;
- buying, selling and dividing plots and real estate, management and leasing of real estate and developing real estate;
- performing technical, commercial and contracting services, specifically marine works;
- importing, maintaining, trading and other services relating to marine machinery and equipments;
- controls, general contacting and other associated business;
- health care services, operating medical laboratories and distributing medical 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 10 August 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 June 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 Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020 (Unaudited)

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation

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

Control is achieved when the Group:

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

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

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

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

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

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

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

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

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

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

# International Holdings Company PJSC

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

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

Details of Company's subsidiaries as at 30 June 2020 and 31 December 2019 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2020</i>	<i>2019</i>
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%
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%

# International Holdings Company PJSC

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

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2020	2019
Alliance Food Security Holdings USA	United States of America	Animal feed trading	80%	80%
Forrages 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%
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%

# International Holdings Company PJSC

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

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2020	2019
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%	-
Al Tamouh Investments Company LLC*	United Arab Emirates	Development, management and sale of real estate properties.	100%	-
Al Seer Marine Supplies and Equipment Company LLC*	United Arab Emirates	Importing, maintaining and trading of marine machinery and equipment.	100%	-
WFC Holding - sole proprietorship LLC***	United Arab Emirates	Commercial Enterprises Investment, Institution and Management.	100%	-
Multiply Marketing Consultancy LLC*	United Arab Emirates	Advertisement designing and production services.	100%	-
Workforce Connexion LLC *	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*	United Arab Emirates	Human resources and administrative consultancy, onshore and offshore oil and gas fields and facilities services.	100%	-
AGRINV SPV RSC *	United Arab Emirates	Investment Company.	100%	-
Al-Hashemiya for Land Reclamation and Cultivation S.A.E.*	Egypt	Land cultivation, land-reclaimed farming, raising all kinds of livestock and sheep produced and providing other farming and livestock related services.	99.99%	-
Multi Serve Typing and Transactions Follow Up LLC*	United Arab Emirates	Typing, documents photocopying and transactions follow up services.	100%	-
Royal Technology Solutions LLC*	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***	United Arab Emirates	Investment Company.	100%	-
Dashing International Group - Sole proprietorship LLC*	United Arab Emirates	representation.	100%	-
Bedashing Beauty Lounge - Sole proprietorship LLC*	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	-

# International Holdings Company PJSC

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

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2020	2019
Bedashing Beauty Lounge International Limited*	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 *	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	-
Easy Lease Motorcycle Rental LLC*	United Arab Emirates	Motorcycles trading, motorcycles repairing and motorcycles rental.	55%	-
Uplift Delivery Services LLC*	United Arab Emirates	Renting and delivery services.	36.85%	-
Paragon Malls LLC**	United Arab Emirates	Ownership and leasing of retail property.	100%	-
TSL Properties LLC**	United Arab Emirates	Development project ownership, sales and leasing.	100%	-
Eltizam Asset Management LLC**	United Arab Emirates	Services management holding company.	100%	-
Tafawuq Facilities Management LLC**	United Arab Emirates	Facilities management services.	100%	-
Tafawuq Facilities Management Co LLC**	Oman	Facilities management services.	70%	-
ThreeSixty Communities Estate LLC**	United Arab Emirates	Owner association management.	100%	-
ThreeSixty Communities Management for Owners Associations LLC**	United Arab Emirates	Owner association management.	100%	-
ThreeSixty Energy LLC**	United Arab Emirates	Utility billing and collection services.	100%	-
ThreeSixty Leisure and Event Management LLC**	United Arab Emirates	Organisation and management of events.	100%	-
ThreeSixty Remax Real Estate Brokerage**	United Arab Emirates	Real estate brokerage services.	100%	-
Three Sixty Brokerage Estate - Sole Proprietorship LLC**	United Arab Emirates	Real estate brokerage services.	100%	-
Three Sixty Communities Estate LLC**	Oman	Owner association management.	70%	-
Wadi Adventures LLC**	United Arab Emirates	Adventure Park.	100%	-
Green Mubazzarah Chalets LLC**	United Arab Emirates	Resort and furnished residences leasing.	100%	-
Tamouh Hotels and Resorts LLC**	United Arab Emirates	Management and operation of hotels and hotel apartments.	100%	-
Tamouh National Contracting LLC**	United Arab Emirates	Building projects contracting.	51%	-

# International Holdings Company PJSC

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

### 2 BASIS OF PREPARATION continued

#### 2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2020</i>	<i>2019</i>
Arch Models Abu Dhabi LLC**	United Arab Emirates	Designing and constructing architectural models.	60%	-
Tamouh Integrated Business Services LLC**	United Arab Emirates	Resort and furnished residences leasing.	100%	-
Tamouh Healthcare LLC	United Arab Emirates	Ownership of medical facilities.	100%	-
Qusar Energy Limited***	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	-
Alpha Technologies Limited***	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	-
Diqa Technologies Limited***	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%	-

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

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

\*\*\* 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 same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to 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.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

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

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

**Development work in progress**

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

**Deferred revenue**

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

**Sale of properties**

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

**Government grants**

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

**3.2 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.



**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** continued

**3.2 Significant accounting estimates and judgements**

*Classification of properties*

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

*Allocation of development costs*

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

*Contract claims*

Certain customers or vendors have filed claims for compensation arising from delays and/or scope changes. Whilst the Group has been able to agree on an amicable settlement mechanism in the majority of such cases, some parties have sought refunds and/or compensation, which are not in accordance with the respective agreements. Management has made estimates to settle all legal claims initiated against the Group as at 30 June 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.

# International Holdings Company PJSC

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

### 4 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 63,495 thousand (six months period ended 30 June 2019: AED 22,153 thousand), excluding property, plant and equipment acquired through business combinations (note 12) and depreciation and impairment charge for the six months period ended 30 June 2020 amounted to AED 42,225 thousand (six months period ended 30 June 2019: AED 2,281 thousand). Property, plant and equipment acquired through business combinations amounted to AED 215,927 thousand (six months period ended 30 June 2019: AED 799,905 thousand).

### 5 INVESTMENT PROPERTIES

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Land	135,213	-
Buildings	68,415	68,415
Leased properties	1,601,480	-
Properties under development	<u>211,917</u>	<u>-</u>
	<b><u>2,017,025</u></b>	<b><u>68,415</u></b>
Less: Accumulated depreciation and impairment loss	<u>(639,146)</u>	<u>(68,087)</u>
	<b><u>1,377,879</u></b>	<b><u>328</u></b>

During the period, additions to investment properties amounted to AED 220,456 thousand (six months period ended 30 June 2019: nil), excluding investment properties acquired through business combinations (note 12) and depreciation charge for the six months period ended 30 June 2020 amounted to AED 24,833 thousand (six months period ended 30 June 2019: AED 208 thousand).

Movement in accumulated depreciation and impairment loss is as follows:

	<i>(Unaudited)</i> 30 June 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	(754)	-
Charge for the period / year	<u>24,833</u>	<u>414</u>
At the end of the period / year	<b><u>639,146</u></b>	<b><u>68,087</u></b>

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

# International Holdings Company PJSC

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

### 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 June 2020, the carrying amount of the investments is nil (31 December 2019: nil).

# International Holdings Company PJSC

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

### 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 six months period ended 30 June 2020, share of profits from the newly acquired associate amounted to AED 151,618 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:

	<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 six months period ended 30 June 2020, the share of loss from the newly acquired associate amounted to AED 67 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.

# International Holdings Company PJSC

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

### 6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

- (v) During 2018, the directors of Lazio Real Estate Investment LLC, a joint venture, has elected to liquidate the joint venture. As at 30 June 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.

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

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
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	148,912	4,776
Dividend received during the period / year	<u>(4,445)</u>	<u>(6,509)</u>
At the end of the period / year	<u>373,278</u>	<u>7,331</u>

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

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Unaudited)</i> 30 June 2019 AED'000
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>5,494</u>

### 7 INVESTMENTS IN FINANCIAL ASSETS

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Investments carried at fair value through other comprehensive income	67,837	43,183
Investments carried at fair value through profit or loss	<u>28,665</u>	<u>-</u>
	<u>96,502</u>	<u>43,183</u>
Quoted	26,780	2,127
Unquoted	<u>69,722</u>	<u>41,056</u>
	<u>96,502</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 June 2020.

# International Holdings Company PJSC

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

### 7 INVESTMENTS IN FINANCIAL ASSETS continued

The geographical distribution of investments is as follows:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Inside UAE	78,140	43,183
Outside UAE	<u>18,362</u>	<u>-</u>
	<u>96,502</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 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At the beginning of the period / year	43,183	22,868
Acquired in business combinations (note 12.1)	32,684	-
Investments acquired during the period / year	-	19,589
Change in fair value	<u>(8,030)</u>	<u>726</u>
At the end of the period / year	<u>67,837</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 June 2020.

### 8 ASSETS HELD FOR SALE

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

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Acquired in business combinations, net of provision for impairment (note 12.1)	812,715	-
Additions during the period / year	<u>20,512</u>	<u>-</u>
	<u>833,227</u>	<u>-</u>

# International Holdings Company PJSC

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

### 9 INVENTORIES

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Medical supplies	384,736	-
Fish and fish products	50,730	44,328
Animal feed	44,773	58,940
Food and non-food items	14,385	6,213
Properties	8,985	-
Poultry products	5,968	3,889
Work in process	31,915	-
Other finished goods	8,840	4,749
Packing and raw material	28,655	9,093
Spares and consumables	<u>13,717</u>	<u>751</u>
	592,704	127,963
Less: allowance for slow moving inventories	(43,935)	(2,430)
Goods in transit	<u>-</u>	<u>12,291</u>
	<u>548,769</u>	<u>137,824</u>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> 30 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
At the beginning of the period / year	2,430	740
Acquired in business combinations	715	1,444
Change for the period / year	<u>40,790</u>	<u>246</u>
At the end of the period / year	<u>43,935</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 June 2020 AED'000	<i>(Audited)</i> 31 December 2019 AED'000
Acquired in business combinations	957,131	-
Additions during the period / year	7,086	-
Depreciation capitalised	133	-
Transferred to inventories	<u>(12,451)</u>	<u>-</u>
	951,899	-
Less: impairment provision acquired in business combinations	<u>(345,154)</u>	<u>-</u>
At the end of the period / year	<u>606,745</u>	<u>-</u>

# International Holdings Company PJSC

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

### 11 CASH AND BANK BALANCES

	<i>(Unaudited)</i> <b>30 June</b> 2020 <i>AED'000</i>	<i>(Audited)</i> 31 December 2019 <i>AED'000</i>
Cash on hand	6,807	1,164
<i>Bank balances:</i>		
Current and call accounts	1,481,834	1,134,068
Term deposits	305,758	170,007
Less: allowance for expected credit loss	<u>-</u>	<u>(54)</u>
Cash and bank balances	1,794,399	1,305,185
Less: fixed deposits with an original maturity of more than three months	<u>(90,823)</u>	<u>(20,332)</u>
Cash and cash equivalents	<u>1,703,576</u>	<u>1,284,853</u>

Cash and cash equivalents as at 30 June 2019 (unaudited) amounted to AED 110,306 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 304,855 thousand and AED 63,840 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 222,346 thousand and AED 19,669 thousand, respectively.



**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 nil and AED 1,180 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 nil and AED 1,643 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 15,531 thousand and AED 1,244 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 29,782 thousand and AED 2,216 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 3,381 thousand and AED 2,250 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 5,905 thousand and AED 1,746 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 90,300 thousand and AED 3,001 thousand, respectively. If the acquisition had taken place at the beginning of the year WFC would have contributed revenue and profit to the Group amounting to AED 156,331 thousand and AED 5,785 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 loss to the Group amounting to AED 211 thousand and AED 331 thousand, respectively. If the acquisition had taken place at the beginning of the year, CSC would have contributed revenue and loss to the Group amounting to AED 985 thousand and AED 2,832 thousand respectively.

**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 353 thousand and AED 128 thousand, respectively. If the acquisition had taken place at the beginning of the year MST would have contributed revenue and loss to the Group amounting to AED 353 thousand and AED 99 thousand respectively.

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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>Total</i> AED'000
<b>Assets</b>									
Property and equipment	17,747	36,475	114,623	1,241	3,131	46	-	-	173,263
Intangible assets	6,849	-	-	-	18	-	-	-	6,867
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	45,068
Trade and other receivables	820,959	266,225	253	10,458	14,311	20,655	2,149	-	1,135,010
Cash and bank balances	163,448	145,680	18,682	46,778	9,445	3,825	913	771	389,542
	<b>3,789,111</b>	<b>476,737</b>	<b>133,605</b>	<b>98,587</b>	<b>72,314</b>	<b>36,318</b>	<b>3,681</b>	<b>1,609</b>	<b>4,611,962</b>
<b>Liabilities</b>									
Employees' end of service benefit	16,514	9,921	3	1,188	2,347	4,212	-	-	34,185
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	56,704
Trade and other payables	1,657,731	195,844	87,213	63,735	7,836	15,827	2,466	62	2,030,714
	<b>2,464,020</b>	<b>230,422</b>	<b>87,216</b>	<b>67,391</b>	<b>36,164</b>	<b>29,775</b>	<b>5,145</b>	<b>427</b>	<b>2,920,560</b>
<b>Net assets</b>	<b>1,325,091</b>	<b>246,315</b>	<b>46,389</b>	<b>31,196</b>	<b>36,150</b>	<b>6,543</b>	<b>(1,464)</b>	<b>1,182</b>	<b>1,691,402</b>
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	1,690,755
Consideration paid	-	-	-	-	-	-	-	-	-
Merger reserve	<b>1,324,444</b>	<b>246,315</b>	<b>46,389</b>	<b>31,196</b>	<b>36,150</b>	<b>6,543</b>	<b>(1,464)</b>	<b>1,182</b>	<b>1,690,755</b>

# International Holdings Company PJSC

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

### 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.

# International Holdings Company PJSC

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

### 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 and Easy Lease Motorcycle Rental 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>Total</i> <i>AED'000</i>
<b>Assets</b>			
Property and equipment	7,304	35,360	42,664
Intangible assets	44,200	57,551	101,751
Right-of-use assets	8,472	2,522	10,994
Inventories	4,102	1,173	5,275
Due from related parties	-	351	351
Trade and other receivables	3,809	17,645	21,454
Cash and bank balances	<u>4,994</u>	<u>2,043</u>	<u>7,037</u>
<b>Total assets</b>	<b><u>72,881</u></b>	<b><u>116,645</u></b>	<b><u>189,526</u></b>
Provision for employees' end of service benefit	873	607	1,480
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>15,733</u>
<b>Total liabilities</b>	<b><u>15,781</u></b>	<b><u>31,352</u></b>	<b><u>47,133</u></b>
<b>Total identifiable net assets at fair value</b>	<b><u>57,100</u></b>	<b><u>85,293</u></b>	<b><u>142,393</u></b>
Proportionate share of identifiable net assets acquired	57,100	46,900	104,000
Less: purchase consideration	<u>93,000</u>	<u>118,000</u>	<u>211,000</u>
<b>Goodwill arising on acquisition</b>	<b><u>35,900</u></b>	<b><u>71,100</u></b>	<b><u>107,000</u></b>
Non-controlling interest	<u>-</u>	<u>38,393</u>	<u>38,393</u>

The fair value of trade receivables amounts to AED 15,531 thousand. The gross amount of trade receivables is AED 15,605 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, which comprises largely of customer contracts, customer relationships, trademarks and trade names.

Goodwill of AED 107,000 thousand arising from the acquisition comprises largely the value of expected synergies arising from the acquisition, which are not separately recognised. Goodwill is allocated to the digital and capital segment of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020 (Unaudited)

### 12 BUSINESS COMBINATION continued

#### 12.2 Acquisitions under IFRS 3 Business Combination continued

The new acquisitions contributed revenue and profit of AED 26,681 thousand and AED 4,579 thousand respectively from the date of acquisition. If the acquisition had taken place at the beginning of the period, revenue would have been AED 58,916 thousand and profit would have been AED 9,314 thousand.

	<i>Dashing</i> <i>AED'000</i>	<i>Easy Lease</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<b><u>Purchase consideration:</u></b>			
Cash paid for the acquisition	93,000	100,000	193,000
Contingent consideration liability	—	18,000	18,000
<b>Total consideration</b>	<b><u>93,000</u></b>	<b><u>118,000</u></b>	<b><u>211,000</u></b>
<b><u>Analysis of cashflow on acquisition:</u></b>			
Cash paid for the acquisition	93,000	100,000	193,000
Net cash acquired on business combination	<u>(4,994)</u>	<u>(2,043)</u>	<u>(7,037)</u>
Acquisition of operating business - net of cash used (included in cash flows from investing activities)	88,006	97,957	185,963
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>(317)</u>	<u>(463)</u>	<u>(780)</u>
<b>Net cashflow on acquisition</b>	<b><u>87,689</u></b>	<b><u>97,144</u></b>	<b><u>185,183</u></b>

Acquisition related costs amounted to AED 780 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 June 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 June 2020 reflects this development. As at 30 June 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 June 2020 is as follows:

<u>Valuation techniques and key inputs</u>	<u>Significant unobservable input</u>	<u>Sensitivity of the input to fair value</u>
DCF Method	<ul style="list-style-type: none"> <li>- Assumed probability - adjusted profit before tax of Easy Lease amounting to AED 24,500 thousand</li> <li>- Discount rate of 15.2%</li> </ul>	<p>More than 5% decrease in the assumed probability-adjusted profit before tax of Easy lease results in nil additional consideration.</p> <p>5% increase (decrease) in the discount rate would result in an increase (decrease) in fair value of the contingent consideration liability by AED 570 thousand.</p>

# International Holdings Company PJSC

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

### 13 SHARE CAPITAL

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

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.

### 15 RELATED PARTY TRANSACTIONS

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

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

#### 15.1 Transactions

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

	<i>Three months ended</i> 30 June		<i>Six months ended</i> 30 June	
	<i>(Unaudited)</i> 2020 AED '000	<i>(Unaudited)</i> 2019 AED '000	<i>(Unaudited)</i> 2020 AED '000	<i>(Unaudited)</i> 2019 AED '000
Revenue	<u>363,077</u>	<u>1,645</u>	<u>455,872</u>	<u>3,613</u>
Cost of sales	<u>753,282</u>	<u>5,458</u>	<u>761,427</u>	<u>25,011</u>
Expenses	<u>4,706</u>	<u>774</u>	<u>6,872</u>	<u>774</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.

# International Holdings Company PJSC

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

### 15 RELATED PARTY TRANSACTIONS continued

#### 15.2 Key management remuneration

	Three months ended 30 June		Six months ended 30 June	
	(Unaudited) 2020 AED '000	(Unaudited) 2019 AED '000	(Unaudited) 2020 AED '000	(Unaudited) 2019 AED '000
Salaries and employee benefits	<u>5,429</u>	<u>2,761</u>	<u>10,248</u>	<u>6,309</u>
Number of key management personnel	<u>20</u>	<u>10</u>	<u>20</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.

#### 15.3 Balances

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

	(Unaudited) 30 June 2020 AED'000	(Audited) 31 December 2019 AED'000
<i>Due from related parties (entities under common control):</i>		
Chimera Investments LLC	261,170	-
Hydra Properties	128,543	-
Meena Holding LLC	117,413	-
Pal Technology Services LLC	40,410	34,306
Tafseer Contracting & General Maint. LLC	28,106	-
Trojan General Contracting LLC	25,074	-
Reem Emirates Aluminum LLC	23,056	-
AFKAR Financial & Property Investment LLC	21,765	21,765
RG Procurement RSC LTD	17,103	15,170
Pure Health	15,745	-
Meena Palace LLC	11,197	25,752
International Golden Company LLC	-	8,110
Affiliates	79,738	59,691
Others	67,746	37,359
Allowance for expected credit loss	<u>(274,700)</u>	<u>(1,305)</u>
	<u>562,366</u>	<u>200,848</u>
<i>Due to related parties (entities under common control):</i>		
Trojan General Contracting LLC	283,714	27,415
Bunya Enterprises LLC	72,062	-
Infinity TV FZ LLC	38,202	-
International Golden Group LLC	29,602	-
Hydra Commercial LLC	24,308	-
National Projects and Construction L.L.C	14,609	9,743
Royal Group Management LLC	13,531	2,611
Power House Group for Company Management LLC	8,867	-
Al Maha Modular Industries LLC	6,512	6,512
Toshiba Elevator Middle East LLC	4,618	-
Pal Technology Services LLC	4,512	10,045
Al Tamouh Investments Company LLC	-	15,673
Others	<u>89,663</u>	<u>107,140</u>
	<u>590,200</u>	<u>179,139</u>

# International Holdings Company PJSC

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

### 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> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>(Unaudited)</i> <i>2020</i> <i>AED '000</i>	<i>(Unaudited)</i> <i>2019</i> <i>AED '000</i>	<i>(Unaudited)</i> <i>2020</i> <i>AED '000</i>	<i>(Unaudited)</i> <i>2019</i> <i>AED '000</i>
Profit attributable to the Owners of the Company (AED'000)	<u>670,259</u>	<u>683</u>	<u>782,453</u>	<u>9,663</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>1,821,429</u>
Basic earnings per share for the period (AED)	<u>0.37</u>	<u>0.0004</u>	<u>0.43</u>	<u>0.005</u>

### 17 CONTINGENT LIABILITIES AND COMMITMENTS

#### 17.1 Contingent liabilities

	<i>(Unaudited)</i> <i>30 June</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
Letters of guarantee	<u>732,026</u>	<u>173,376</u>
Letters of credit	<u>53,032</u>	<u>55,254</u>

#### 17.2 Commitments

	<i>(Unaudited)</i> <i>30 June</i> <i>2020</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2019</i> <i>AED'000</i>
Commitments for capital expenditures	<u>344,642</u>	<u>205,268</u>



# International Holdings Company PJSC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2020 (Unaudited)

### 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 June 2020 AED'000	<i>(Unaudited)</i> 30 June 2019 AED'000
Healthcare and other medical supplies	729,343	-
Food products revenue	343,158	187,236
Maintenance and service revenue	328,701	-
Sale of industrial and medical equipments	298,785	-
Infrastructure and construction contracting revenue	181,193	103,527
Coaching and training services	138,178	-
District cooling services	101,318	-
Property management	91,644	-
Animal Feed	88,404	62,260
Sale of properties	74,021	-
Rental income	62,269	-
Others	<u>19,723</u>	<u>-</u>
	<b><u>2,456,737</u></b>	<b><u>353,023</u></b>
<b><i>Timing of revenue recognition</i></b>		
Revenue at a point in time	2,174,952	249,496
Revenue over time	<u>281,785</u>	<u>103,527</u>
	<b><u>2,456,737</u></b>	<b><u>353,023</u></b>
<b><i>Geographical markets</i></b>		
UAE	2,314,859	353,023
Outside UAE	<u>141,878</u>	<u>-</u>
	<b><u>2,456,737</u></b>	<b><u>353,023</u></b>

### 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).

# International Holdings Company PJSC

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

### 19 FAIR VALUE MEASUREMENT continued

#### 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 June 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	26,780	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	41,057	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 of 30 June 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.

#### 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>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 June 2020 (unaudited)</i>	<i>31 December 2019 (audited)</i>				
	<i>AED'000</i>	<i>AED'000</i>				
Investment properties, excluding properties under development	4,710,428	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.

# International Holdings Company PJSC

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

### 20 SEGMENTAL ANALYSIS continued

	Utilities		Real estate		Digital		Industrial		Food		Capital		Others		Total	
	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000	30 June 2020 AED'000	30 June 2019 AED'000
Revenue	101,318	-	352,546	103,527	268,247	1,287,273	584,431	418,129	249,496	29,224	30,543	151,552	6,384	5,310	2,456,737	10,964
Cost of sales	(47,316)	-	(237,171)	(88,499)	(210,391)	(702,842)	(2,048)	(363,919)	(218,953)	(12,276)	(2,189,553)	(2,540)	(1,306)	(814)	(1,573,915)	(307,452)
Gross profit	54,002	-	115,375	15,028	57,856	584,431	(2,048)	48,210	30,543	16,948	30,543	151,552	6,384	5,310	882,822	10,964
S&D expenses	(10,998)	-	(1,113)	-	(2,048)	(544)	(2,048)	(23,421)	(17,672)	-	(17,672)	(2,540)	(2,131)	(2,131)	(39,483)	(17,672)
G&A expenses	-	-	(47,659)	(10,642)	(26,121)	(28,742)	(26,121)	(28,986)	(20,610)	(10,876)	(20,610)	(1,911)	1,455	1,455	(161,812)	(36,357)
Operating profit (loss)	43,004	-	66,603	4,386	29,687	555,145	1,803	1,803	(7,739)	6,072	(7,739)	158,469	7,239	(3,243)	681,527	(8,458)
Investment income	-	-	8,927	10,964	(753)	-	-	-	-	151,552	-	-	-	-	157,186	10,964
Other income/expense	-	-	2,376	3,770	(715)	(23,083)	(715)	6,384	5,310	2,756	5,310	2,756	2,131	2,131	(10,151)	9,080
Finance costs	(6,063)	-	(5,420)	-	(2,005)	(134)	(134)	(1,306)	(814)	(1,911)	(814)	(1,911)	1,455	1,455	(15,384)	(814)
Income tax	-	-	-	-	-	-	-	358	-	-	-	-	-	-	358	-
Profit (loss) for the period	36,941	-	72,486	19,120	26,214	531,928	7,239	7,239	(3,243)	158,469	(3,243)	158,469	19,741	(5,105)	813,536	10,772
Add: depreciation and amortisation	14,408	-	31,254	908	12,950	29,886	14,010	14,010	1,805	5,837	1,805	5,837	6	28	108,351	2,741
Add: finance costs	6,063	-	5,420	-	2,005	134	1,306	1,306	814	1,911	814	1,911	(1,455)	-	15,384	814
Less: income tax	-	-	-	-	-	-	(358)	(358)	-	-	-	-	-	-	(358)	-
EBITDA	57,412	-	109,160	20,028	41,169	561,948	22,197	22,197	(624)	166,217	(624)	166,217	(21,190)	(5,077)	936,913	14,327
Segment assets	1,032,476	964,043	4,152,096	561,534	705,223	2,285,727	206,035	989,048	848,131	1,482,417	684,435	62,181	316,305	316,305	10,709,168	3,978,148
Segment liabilities	525,038	493,547	2,296,007	103,023	1,036	1,354,817	53,370	430,939	343,651	1,186,418	548,704	131,537	102,511	102,511	5,925,792	1,783,240

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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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 six months period ended 30 June 2020 and 30 June 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 six months period ended 30 June 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**

Subsequent to period end, the Group's Board of Directors resolved to approve the acquisition of the following entities:

- (i) R Med Medical Supplies LLC - 52% equity interest
- (ii) Apex Alwataniah Catering Services LLC - 60% equity interest.