IHC

International
Holdings
Company
الشركة العالمية القابضة

Annual Report 2019

General Assembly Meeting (April 2020)

"DRIVING GROWTH AND VALUE THROUGH 'BUSINESS COMBINATIONS' 'SUPPLY CHAIN INTEGRATION' AND 'COST EFFICIENCY' ACROSS ALL OUR VERTICALS"

Expanding our horizons in 2019 was just the beginning of the success and growth IHC is looking to achieve.

Quick Facts

Operates in UAE, Middle East, Europe & USA

12 Businesses managed through **6** Divisions

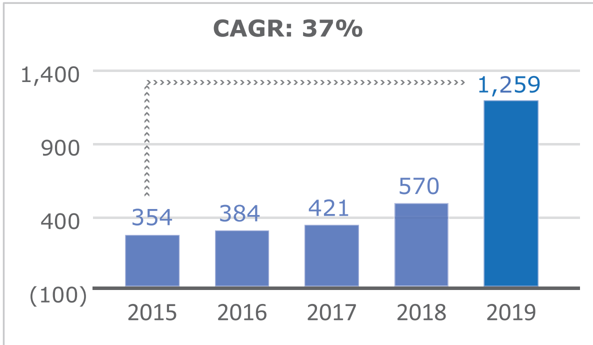
Weighted Avg. Earnings per Share AED 0.43

Best stock performance on the ADX in 2019 - 551% against market

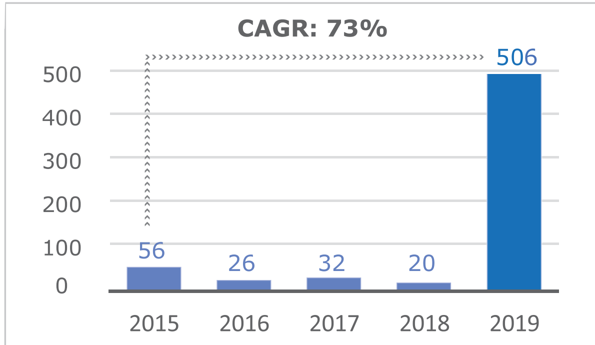
	2015	2016	2017	2018	2019
Number of Employees	852	968	1216	1548	3176

Key Highlights

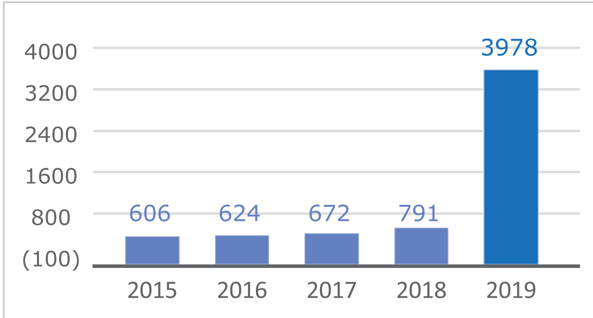
Revenue (AED mn)



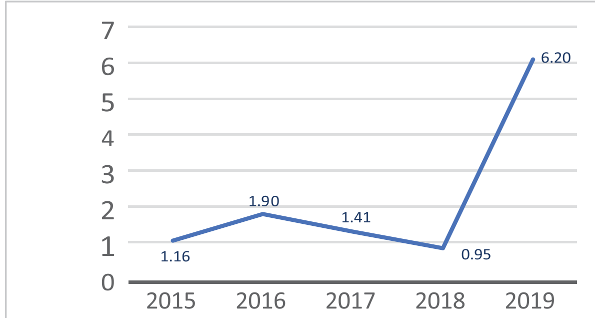
Net Profit (AED mn)



Total Assets (AED mn)



Share Price (AED)



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1.0 Evolution of IHC

International Holdings Company P.J.S.C. (IHC) was incorporated in Abu Dhabi on 23 November 1998. IHC was initially established as International Fish Farming Company, under the widely recognized seafood brand Asmak. The company was established to support the rulers vision and under the UAE Offsets Program, as part of an initiative to introduce new business concepts, promote fish business and to diversify and grow non-oil business sectors in the UAE. Six years later, in 2005, having regularly been a strong performer and experienced continuous YOY growth, ASMAK was listed on Abu Dhabi Stock Exchange (ADX).

2008

The Company diversified its operations by acquiring three land parcels, totalling 19,246 sq mt.

2011

The Group took another step in its evolution and acquired the Abu Dhabi Land (ADL) group through a share swap. ADL is a general construction business, in addition to designing and building services for landscape, irrigation, construction, maintenance and labor accommodation. ASMAK increased its share capital from AED 300 mn to AED 510 mn

2013

The business model was diversified with an emphasis on adding wholesale operations, brand ownership, and value-added products to the fishery business.

2016

Asmak expanded its food business by establishing a new animal feed business. The objective was to support the UAE's food security program, as well as service international markets.

2017-18

Asmak repositioned itself as a holding company for strategic investments. The moment was marked by transforming its name from International Fish Farming Company (Asmak) to International Holdings Company (IHC). During the year, the company also expanded its newly created animal feed business with the purchase of an additional factory in Spain.

2019

In 2019 with the intention to build upon the solid foundations that had been laid, IHC grew its numerous businesses through strategic acquisitions and diversification of its portfolio. IHC remained acutely focused on increasing revenue and profit, with the ultimate objective of creating greater shareholder value.

Recognizing the strategic importance of the district cooling industry across the nation's buildings, IHC completed the acquisition of one of the largest companies in the industry - PAL Cooling Holding and issued new shares through a share swap.

To embrace these strategic investments, its diversification and objective to improve operations, IHC restructured the holding into six industry verticals namely IHC Food, IHC Utilities, IHC Real Estate, IHC Digital, IHC Industrial, and IHC Capital. In the last quarter of 2019, the Company acquired Shuaa Securities and Trust International in a commercial transaction. It also acquired Al Ajban Poultry, Palms Sports, Cine Royal and Zee Stores transacted through business combinations.

Outlook

IHC's mission and vision are underpinned by a clear objective of enhancing its portfolio through strategic acquisitions and business combinations, and bringing cost efficiency through operational synergies. IHC is focused on strengthening its Corporate Governance and has made a number of changes, including the composition of a number of new Committees that will provide for improved control.

IHC is also working towards establishing a Central Treasury for better funds management at Group level. The Company has also taken affirmative action to boost its supply chain integration. Lastly, it has finalized the implementation of a new ERP system to support consolidated finance and to unlock efficiencies through process simplifications, standardization and automation.

2.1 Chairman's Statement

Since IHC's inception, our driving force has undoubtedly been the trust our shareholders place in us.

During this last year, we have been buoyed in our objective, by keeping our values at the forefront of IHC's operations. The Company continues to grow from strength to strength, driven by creativity, innovation and above all integrity. We pride ourselves on the skills and breadth of experience of the team we have assembled and the quality they pursue in delivering for our shareholders.

2019 has been a year of business transformation, with the company having initiated various strategic initiatives and acquisitions. We are particularly grateful to our honorable and respected shareholders for supporting our strategic growth with the transfer of a number of businesses to IHC. This has not only resulted in phenomenal operational synergies, but also has allowed IHC to diversify its portfolio of companies, ensure higher certainty of continuous cash flow, enhanced profitability, and achieve various cost efficiencies across the company's current pool of assets.

Our Company's recent restructuring, provided a strategic opportunity to better align our holding entities within growing industry sectors. Each of our IHC Companies have been established with the mission of solving challenges within the region and across the world.

2019 was marked by key events that led not only to the optimization of our operations, but also helped us to deliver strong financial results and maximize firm value. The results of our efforts materialized into a Group Net Profit of AED 506mn, with an EBITDA of AED 261mn.

Some of the key highlights this year, include acquiring Pal Cooling Holding, the formation of new Board, and the establishment of new industry verticals. We also increased our ownership interest in the Gombos Company LLC and completed four other acquisitions - Zee Stores, Cine Royal, Palms Sports and Al Ajban Poultry.

Going forward, IHC 's objective is to maintain a solid growth pattern and our strategy to further expand and strengthen our portfolio, whilst maximizing cost efficiencies. Our targets include, strengthening our corporate governance with the introduction of new Committees in addition to various new operating assets through acquisitions and business combinations. We are working towards achieving further cost efficiencies through centralized functions and ERP implementation to support consolidated finance.

As a company, we are focused on the benefit for all of our stakeholders. In a relentless drive to create value, we continue to diversify our investments across operating asset classes, generating fair returns, and mitigating any risks to the best of our ability. Each of the businesses in our industry verticals strive to discover innovations, look to how we can be a 'disruptor' in that industry and take the initiative to sustain their competitive lead. This is why our forward outlook remains centered on quality, cost-efficiency and optimization of business operations, along with further acquisitions that will strengthen our portfolio for many years to come.

Nader Ahmed Al Hammadi
Chairman

Nader Ahmed Al Hammadi

2.2 Board Members

SYED BASAR SHUEB | HAMAD KHLFAN AL SHAMSI | NADER AHMED AL HAMMADI | ELHAM ABDULGHAFOOR AL QASIM

KHALIFA YOUSIF KHOURI | LAITH JERRY AL FRAIH | HAMAD SALEM AL AMERI

Mr. Syed Basar Shueb

Skills and experience

Mr. Shueb is an accomplished Senior Executive with substantial and diversified experience in the process, manufacturing, construction and service industries. He possesses broad-based abilities in operations and administration, strategic and tactical planning, budgeting, financial analysis, profit modelling, and quality management systems (ISO). Basar is a decisive leader, has exceptional problem-solving skills, creates cohesive and focused business units, that grow a profitable bottom lines.

He is also the founder of 'District Cooling', which was established back in 2006, and is today one of the key players in the UAE's Utilities services sector. He has also been working closely with the Royal Group since 2000.

Date of appointment

29.07.2019

External Appointments

Director - Reem Finance PJSC

Managing Director / Chairman - Chimera Investments LLC

Board Member - Keyhole TIG (K-TIG) Limited

Education

Basar holds a Bachelor of Science in Computer Engineering degree from Near East University, Nicosia, Turkish Republic of Northern Cyprus (1998)

Mr. Hamad Khlfan Al Shamsi

Skills and experience

Mr Al Shamsi holds the position of General Manager at The Private Affairs Department of HH Sheikha Fatima Bint Mubarak along with having investments in various businesses and industries

Date of appointment

01.04.2008

External Appointments

Board Member - Trojan General Contracting LLC

Board Member- Ishraq Properties Co.

Chairman - Al Yasat Catering & Restaurant Supplies LLC

Chairman - Pal Computers LLC

Board Member - Al Jaraf Travel & Tourism LLC

Board Member - Hi-Tech Concrete Products LLC

Chairman - Tafawuq Facilities Management LLC

Board Member - Pal Group for Companies LLC

Chairman - Al Sdeirah Real Estate Investment LLC

Chairman - Royal Architect Project Management LLC

Chairman - Fabulous Abu Dhabi Hotel Management LLC

Board Member - Nshmi Development

Board Member - Real Estate Investment & Services Co. LLC - REISCO

Education

Hamad holds a Technical diploma from Armed Forces, Abu Dhabi (1996)

Mr. Nader Ahmed Al Hammadi

Skills and experience

Nader Al Hammadi is the current Managing Director & CEO of Presidential Flight. He joined the company in 1996 as the Manager of the Materials & Supplies Division. In 2001, he was promoted to Vice President Maintenance & Engineering where he actively participated in the purchase and sale of most of Presidential Flight is aircraft. In 2007, he was appointed as the Deputy Chief Executive Officer.

He began his professional career in 1990 at Abu Dhabi Aircraft Technologies (ADAT), the largest third-party provider of Commercial Aviation Services in the Middle East. He held several posts during his steady career growth and was also instrumental in the establishment of GAMAERO, a joint venture between Gamco and Aerospatiale where he served as its Executive Director.

Date of appointment
27.04.2011

External Appointments
Chairman - Abu Dhabi Aviation
Chairman - Tamouh Investments
Board Member - Royal Jet
Board Member - Maximus Air
Board Member- Waha Capital
Board Member - Abu Dhabi Airports
Committee Member - Aviation Sector Development Committee

Education
Nader holds a post graduate degree in Engineering Business Management from Warwick University in London, UK (2002) Bachelor of Science in Aviation degree in Aviation Electronics (Avionics) from Embry Riddle Aeronautical University in Florida, USA (1990). He also participated in the "Advance Management Programme" held at INSEAD in Fontainebleau, France (March 2007).

Ms. Elham Abdulghafoor Al Qasim

Skills and experience
Elham Al Qasim serves as Digital14's Chief Executive Officer, steering the organization's strategic direction, and leading over 1,000 staff in their purpose-driven work to deliver trust in digital, so that clients can innovate and fulfil their potential.
More recently, Elham served as CEO of Abu Dhabi Investment Office (ADIO) and Executive Director of the Ghadan 21 programme at the Abu Dhabi Executive Office where she led the strategic planning for the government's three-year, AED 50 bn investment programme aimed at accelerating Abu Dhabi's economy.
Prior to this, Elham was a Director of Mubadala Investment Company, focusing on Mubadala's Technology and Industry portfolio. Her responsibilities included building investment/ entry strategy, business development, value creation, and post-acquisition asset management in sectors including Metals & Mining, Semiconductors, and Technology.
Elham's international career includes JP Morgan Investment Bank, where she was part of the Global Diversified Industrials Team based in London handling M&A transactions in chemicals, metals and mining, and infrastructure.

Date of appointment
29.07.2019

External Appointments
Board Member - Amanat Holdings PJSC
Board Member - Khalifa Fund

Education
Elham holds an MSc from the School of Social Policy at the London School of Economics, Bachelor of Business from the American University in Dubai and earned several distinctive awards including scholarships for both her degrees.

Mr. Khalifa Yousif Khouri

Skills and experience
Khalifa Khouri has sound leadership skills and is a dynamic business founder of many companies throughout the UAE. He is an Accredited investor for the past 20 years with Board respresentation in Public and Private Joint Stock Companies in addition to being a nominated representative for some Private Family wealth management committees.
Khalifa has a wealth of experience in leading and managing institutions in various sectors including General investments, Media, Trading, Services, Manufacturing, Real Estate, Building Materials, Oil & Gas and others. He has had an active leadership role in Mergers & Acquisitions, bond issuance and taking companies public.

Date of appointment
29.07.2019

External Appointments
Vice Chairman - Ras Al Khaimah Cement Company PJSC
Board Member - Abu Dhabi Aviation PJSC
Board Member - Takaful Emarat Insurance PSC
Vice Chairman - Al Qudra Holding
Vice Chairman - UAE Padel Tennis Association
Board Member - Abu Dhabi Industrial Projects Co.
Board Member - Sawaeed Holdings
Board Member - Growth Gate Capital Corporation
Board of Trustees - Al Ain University of Science and Technology

Education
Khalifa holds a Master of Business Administration (MBA) degree from The Grand Canyon University, USA (1997)

Mr. Laith Jerry Al Fraih

Skills and experience
Laith is a Certified Public Accountant (CPA) professional with over 30 years' experience in the field of Finance, Accounting, Auditing and Real Estate development. He also has extensive experience in Oil and Gas operations, Commercial cycles, IT system implementation and human capital Management. He has served in various key management positions in ADNOC, as Chief Financial Officer of International Capital Trading LLC and as Executive Director of Internal Audit at Mubadala Investment Company. He also serves on several Boards and Board committees including Audit committees and Board advisory committees.
Prior to joining Mubadala, Laith served in various key management positions at Abu Dhabi National Oil Company (ADNOC) before his most recent position as Chief Financial Officer of International Capital Trading.

Date of appointment
13/04/2011

External Appointments
Audit Committee member - ADNOC – 2016
Audit Committee member - Abu Dhabi Securities Exchange – 2016
Audit Committee member - Amanat Holding - 2019

Education
Laith holds a Bachelor of Finance and Accounting Degree from UK and a CPA "Certified Public Accountant" from USA.

Mr. Hamad Salem Al Ameri

Skills and experience
Engr. Hamad Salem Al Ameri rose from the ranks and currently holds managerial and directorial positions in various companies with dealings in key industries such as real estate development, international investments and finance, manufacturing, commercial and retail sector, hospitality, technology, and media. He is responsible for improving efficiencies and streamlining processes within the corporate group and for consolidation of resources among related companies to attain economies of scale and optimum productivity.

Date of appointment
27/04/2017

External Appointments
Vice Chairman & Managing Director - Trojan Holding Ltd. – Abu Dhabi
Board Member - Tamouh Investments – Abu Dhabi
Board Member - ALDAR Properties PJSC – 2015
Board Member - Al Reem Building Materials
Board Member - Al Jazeera Technical Solutions
Board Member - Royal Development Company (RDC)
Board Member - Eltizam Assets Management State LLC

Education
Hamad holds a Bachelor degree in Civil Engineering from the American University of Dubai and a Master's in Business Administration from the Canadian University in Dubai.

2.3 Managing Director's Message

2019 has been a "year of growth" for IHC. It is my immense pleasure to present the performance of the company and its solid results.

In the fiscal year 2019, IHC experienced exceptional performance across all business units. We embraced new technologies, responded to changes in the marketplace by continuing to develop innovative solutions and drove growth and value through sound business combinations.

Our aim has been to constantly develop IHC and maximize cost efficiencies across all verticals of the business. We are also determined to integrate supply chain activities that result in enhanced performance across the Company.

Going forward, we are working diligently to consolidate the company with a focus on our client's needs and the overarching objectives we have established for IHC. We have pursued this goal by developing a team built upon a strong system of values and diverse cultures.

We are confident moving forward and enthusiastic to embrace all the changes that the new financial year will bring. IHC's focus is on strategic growth, the development of innovations and new solutions that will improve the current business environment and redefine the marketplace for us, our clients and our partners.

This has been a rewarding year for IHC and it is the hard work, commitment, and contribution of every employee that has been integral to this success. We have overseen a significant amount of change and while this may have been unsettling at times, IHC's goal is always to build growth, be competitive, and establish an outstanding workplace. In the upcoming year, my hope for everyone is to continue our commitment, seek out opportunities for personal growth while undertaking new tasks and initiatives, and continue addressing challenges head on, as together as a group there is nothing we can't achieve.

As an organization, we will continue to invest in our infrastructure, provide additional training opportunities, and develop partnerships that help meet customer needs.

Our efforts remain corroborated towards improving and delivering value to our stakeholders, but also with a particular focus on a return on shareholders' investments. This will be achieved through our drive to succeed while maintaining ethical business practices.

At IHC, our teams are strongly driven and we come to work with pride. We are determined to deliver the very best to all of our stakeholders and we are convinced that our continued success is heavily dependent on the quality of our products, services, but also the value we provide to all of our clients.

Syed Baser Shueb
Managing Director

2.4 CFO's Review

'Maximizing corporate value by accelerating our growth strategy through acquisitions resulted in a solid performance'

Despite the economic uncertainties unravelling around the region, International Holding Company PJSC (IHC) continues to outperform against our core financial goals. In 2019, we accelerated our growth strategy of acquisitions and executed a number of significant business combinations within our common control.

We have been successful in developing our leadership resources, expanding our business activities, whilst concurrently creating long lasting and sustainable shareholder value. IHC is delighted to have finished the year, delivering a solid set of results supported by an improvement in organic growth, and pleased to announce a 121% revenue increase on last year.

IHC's robust operational and financial management, combined with a disciplined acquisition focus, resulted in excellent results in 2019. The main highlights of the year include growing our revenue to AED 1.26 bn and boosting our EBITDA, through acquisitions and integrations, from AED 23mn in 2018 to AED 261.4mn.

IHC's net income for the year saw an increase of 2405% YoY, up to AED 505.63mn. It should also be noted that liquidity levels and cash generation remain strong, with more than AED 1.3bn cash and cash equivalents as the year closed out. Our core earnings per share (based on the weighted average number of shares) were AED 0.43, which translates to a 10 fold increase on last year.

Thanks to IHC's strong financial performance in 2019, investors in IHC's common stock were rewarded with an annual return of 22% (ROE). The Company's shares significantly outperformed the market during the year with a marked increase of 554%, against the Abu Dhabi Securities Exchange (ADX) Index benchmark and 455% against the Abu Dhabi Securities Exchange (ADX) Consumer staple sector.

Looking forward, we are well-positioned and confident that we can continue to meet our goals and longer-term aspirations. We will continue to drive towards further expansion and strengthening the development and prospective opportunities of many acquisitions to date.

Alwyn Crasta
Group CFO

International Holdings Company
الشركة العالمية القابضة

2.5 Management Report

International Holdings Company PSC and Its Subsidiaries

Annual Performance Report of the Board of Directors for the Year 2019

Dear Shareholders,

On behalf of the IHC Board Directors, I am pleased to present the Board's Annual Performance Report, as well as the Company's Audited Financial Statements for the year 2019.

International Holdings Company (IHC), is one of the UAE's foremost holding companies with investments in diversified businesses across the UAE and beyond. Our global presence extends to the Middle East, Europe and North America.

IHC has delivered a strong set of financial results in 2019, reporting a group net profit of AED 506mn compared to AED 20mn in the previous year. 2019 has been a year of business transformation, with the company having initiated various strategic initiatives and acquisitions. We are particularly grateful to our honorable and respected shareholders for supporting our strategic growth with the transfer of a number of businesses to IHC. This has not only resulted in phenomenal operational synergies, but has also allowed IHC to diversify its portfolio of companies, ensure higher certainty of continuous cash flow, enhanced profitability, and achieve various cost efficiencies across the company's current pool of assets.

Key Highlights for the Year 2019

1. This year we acquired PAL Cooling Holding LLC (PCH), via a share-swap and by issuing 13 mn shares to strategic investor(s).
2. During this transition, a number of new 'Industry Verticals' were created – IHC Utilities Holding LLC, IHC Real Estate Holdings LLC, IHC Digital Holdings LLC, IHC Industrial Holdings LLC, IHC Food Holdings LLC and IHC Capital Holdings LLC.
3. This year also saw the acquisition of 100% of the issued share capital of Zee Stores LLC, Cine Royal Cinema LLC, Palms Sports LLC, and Al Ajban Poultry LLC. These industry acquisitions were undertaken via business combinations.
4. Further movement within our Capital stream included the acquisition of 100% of the issued share capital of Shuaa Securities LLC, for a consideration of AED 98.5mn and Trust International Group LLC for AED 100mn.
5. We were also able to increase our existing ownership interest in The Gombos Company L.L.C. from 30% to 50% through a USD 17mn step acquisition.
6. The Group increased its ownership interest in Alliance Food Security Holdings LLC from 70% to 80%, by subscribing to additional 18 mn shares out of 20 mn new shares issued.
7. The culmination of the numerous transactions during this transformational year resulted in an improved EBITDA of AED 261mn in 2019 compared to AED 23mn in 2018.

Performance Overview:

Each of our IHC Companies have been established with the mission of solving particular challenges within the region and across the world. In a relentless drive to create value for our stakeholders, we continue to diversify our investments across operating asset classes, generating fair returns, and mitigating any risks to the best of our ability. Each of the businesses in our industry verticals strive to discover innovations, look to how we can be a 'disruptor' in that industry and take initiatives to sustain our competitive lead.

IHC Utilities

IHC's District Cooling business has grown to be the key utility provider in Abu Dhabi. During the year, we were awarded a number of significant major contracts, which included capacity expansion projects and delivering various new installations. We constructed 3 thermal energy storage (TES) tanks of 100,000TR-HR, and were able to achieve an impressive @99.9% in our plant services delivery. Revenue for the year was AED 207mn compared to AED 187mn in 2018 and net profit marked an impressive increase of 40%, reaching AED 71mn in 2019 compared to AED 51mn in 2018.

IHC Real Estate
Our IHC Real Estate vertical includes Contracting, Labor Camp and Landscaping services. The combined entities delivered a consolidated total revenue of AED 440mn in 2019 vs AED 201mn in 2018, with a resultant net profit growth of AED172mn vs AED 28mn in the previous year. A contributing factor towards the increase in net profit was the sale of an Abu Dhabi land parcel of 19.246sq mt for AED 250mn. During the year, we also increased our equity stake in Sawaed Employment LLC from 11.6% to 16% against an investment of AED 20mn.

IHC Digital
IHC Digital is comprised of two sub-streams Cinema and Sports. The Cinema business has 41 screens across 4 locations in Abu Dhabi and recently introduced a special ambience theatre to offer a new experience for kids and parents. Over the last year, the business remained diligent in terms of revenue generation - Tickets Sales of 1.3mn were maintained over the last two years with a resulting revenue of AED 88mn. The company reported a net profit of AED 8mn compared to a net profit of AED 9mn in 2018.

Our Sports business is driven by the largest Jiu Jitsu training company in the world. During the year, the company rejuvenated the Abu Dhabi Warriors Fighting Championship, and initiated and delivered on a number of nationally acclaimed projects. It is noteworthy, that they were able to achieve revenues of AED 309mn compared to AED 301mn in 2018 and a resultant net profit of AED 77mn in 2019 compared to AED 76mn in 2018.

IHC Industrial
IHC Industrial is comprised of an industrial trading and equipment business, being one of the major suppliers of premium solutions to the UAE Armed Forces and security establishment. During the year, the company remained consistent in its revenue generation, closing at AED 436mn against to AED437mn in 2018 and reported a net profit of AED 29mn compared AED 43mn in 2018.

IHC Food
Our 'Food Vertical' consists of 4 businesses namely Fishery, Animal Feed, Poultry & Distribution.

Fishery
Fishery, one of the pioneers in IHC, revamped their frozen products, promoting a new look and feel. This strategic marketing initiative resulted in increased sales with 16,000MT sold in 2019 compared to 14,500MT sold in 2018. All of our products are distributed via both B2B and B2C distribution channels, including wholesale, export, food service, e-commerce and retail. These channels are strengthened through relationships built with the best distributors and trade partners all over the GCC, the Arab Orient and the MENA region.

Fishery reported an end of year revenue of AED 376mn in 2019 compared to AED 355mn in 2018. With significant effort made during the year to work on longer term projects, a net loss of AED 5mn was experienced, compared to a net profit of AED 5mn in 2018.

Animal Feed / Food Security
IHC's desire to improve 'food security' in the UAE, continues to drive it's Animal Feed business, which procured and opened a new Facility in Lleida, Spain with an annual capacity of over 60,000MT for forage products. During the year, the company also formed strategic relationships with Dairy One laboratory in New York and Siebu in Japan. This platform provided us with an opportunity to grow globally and develop new marketing and distribution channels in 5 different

countries. Animal Feed's revenue was AED 155mn in 2019 compared to AED 14mn in 2018, whilst as a result of start-up operations and business expansions, it maintained a loss of AED 0.6mn compared to AED 0.6mn in 2018.

Poultry
In the current year, our Poultry business increased production effectiveness in its operations, including feed conversion ratios, average weight gains, and reducing the mortality rate. Each of these production improvements reflected positively on both its fixed and variable costs resulting in a net profit of AED 10mn compared to a net profit of AED 5mn in 2018, and despite a decline in revenue of 10%, recording at AED 77mn in 2019 compared to a revenue of AED 86mn in 2018.

Distribution
This year, the Distribution business commenced operations from its own State-of-the-art Warehousing facility in KIZAD with a storage capacity of 4,668 M^3 and added 13 distribution vehicles to its fleet. In 2019, revenue grew moderately by 6% with a revenue of AED 303mn compared to AED 286mn in 2018. The net profit was steadfast at AED 19mn for this year and last.

IHC Capital
Our brokerage businesses, one of the most prominent in the UAE, forms a significant part of IHC Capital, offering capital markets, trading and equity research services. It is listed on the ADX, DFM, and Nasdaq Dubai. During 2019, this business outperformed the market significantly and increased its trading volume to AED14.8bn, with a market share of 6.8% and was ranked 4th among 41 brokers in UAE. Capital's revenue in 2019 was AED 18.4mn compared to AED 17.1mn in 2018 and net profit AED 7.9mn compared to AED 3.7mn in 2018.

2019 Financial Summary
IHC registered outstanding growth in the financial year 2019. Our acquisitions translated into strong performance across all business segments:

- The revenue for 2019 grew to AED 1259mn compared to a revenue of AED 570mn in 2018. This growth of 121% was driven by organic growth of 5%, inorganic growth of 72% and sale of land parcels of 19,246 sq mt contributing 44%
- The company reported a net profit of AED 506mn for the year 2019, compared to AED 20mn for the year 2018. The major contributors to this year's profits of AED 506mn were the sale of land (30%) and profits on acquisitions (58%)
- The weighted average earnings per share for 2019 is AED 0.43 compared to AED 0.04 for 2018

Future Outlook
Going forward, IHC 's objective is to maintain a solid growth pattern and our strategy to further expand and strengthen our portfolio, whilst maximizing cost efficiencies. Our targets include:
- The addition of various new operating assets through acquisitions and business combinations;
- Achieving cost efficiencies through centralized HR, IT, and administrative functions;
- Strengthening our corporate governance with the introduction of additional committees, including a Governance and Nominations Committee, and Compensation Committee in addition to the existing Audit Committee;
- Addition of the new MENA HUB Fishery facility in Dubai Industrial City (DIC) (40,000 MT capacity) to be operational by Q2 2020. Currently the factory is 82% complete.
- Establishment of Central Treasury in order to enhance fund management; and
- Enterprise resource planning (ERP) implementation to support consolidated finance. Efficiencies will be unlocked through process simplifications, standardization and automation.

نادر أحمد الحمادي – رئيس مجلس الإدارة
Nader Ahmed Alhammadi - Chairman

3.0 IHC Verticals

PAL COOLING HOLDING

بالمز الرياضية
PALMS SPORTS

CINE ROYAL

دواجن العجبان
Al Ajban Chicken

أسماك
asmak

SHUAA SECURITIES

مخازن زي
ZEE STORES

ALLIANCE
Food Security Holdings
التحالف للأمن الغذائي القابضة

TRUST INTERNATIONAL GROUP

Emirates Stallions Properties

"UAE's Leading
District Cooling Provider"

PAL COOLING HOLDING

More than
550,000RT
Signed Consessions

Designed capacity
242,000 RT

Installed capacity
92,500 RT

Upto
50%
Electricity
Savings

Green Refrigerants
(HFO)

3.1 IHC Utilites

Overview

Compared to conventional air-conditioning systems, Pal Cool Holding (PCH)'s district cooling systems saved up to 50% electricity and during 2019 reduced over 90,000 metric tons of Co2 foot print. PCH now has seven fully owned subsidiaries and has partnered with leading master developers, including Aldar Properties, Al Qudra, Al Tamouh Investment and Reem Developers. PCH is a fully owned subsidiary of IHC since June 30, 2019

Our Management

Muhammed Zafar
General Manager

Qualification

BS, Mechanical Engineering, University of Engineering & Technology, Lahore

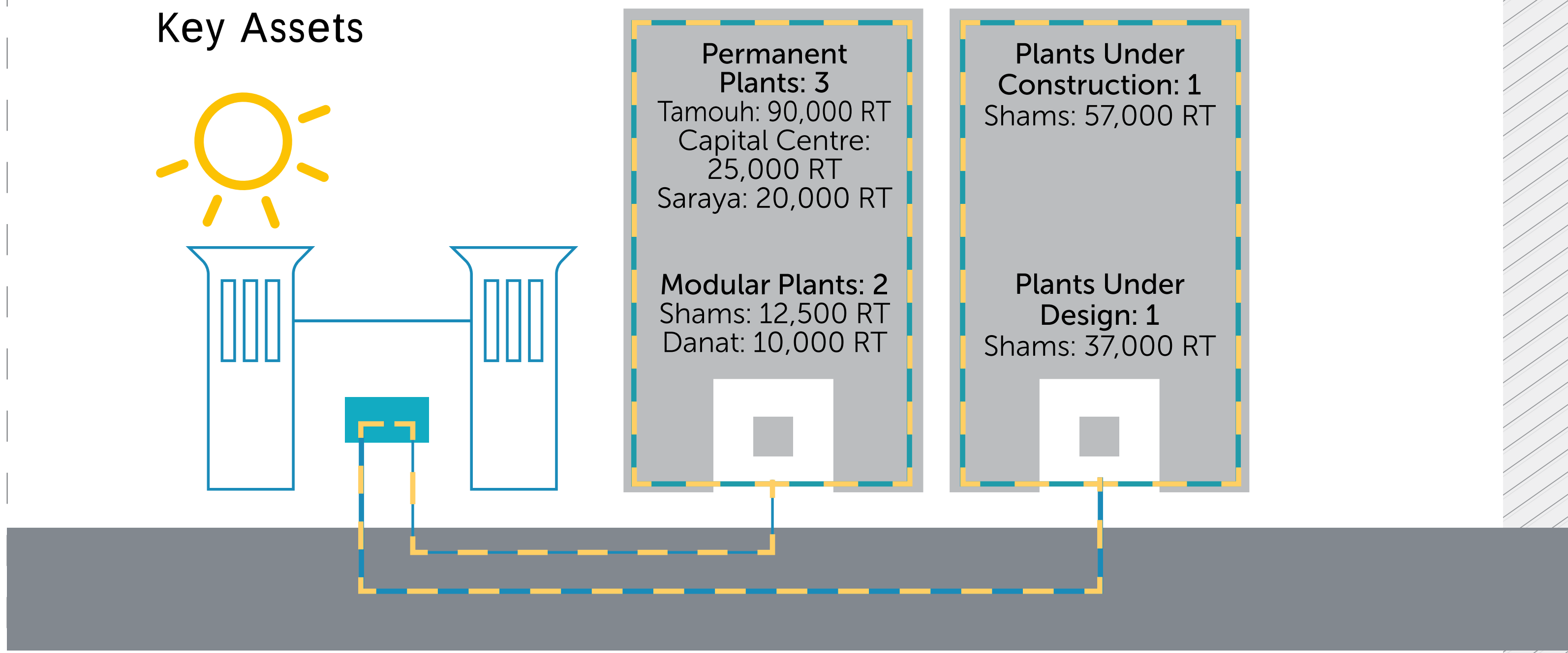
Experience

Mr. Zafar is a delivery oriented professional with more than 25 years of multidiscipline experience in the UAE, including 15 years in senior management positions. He played a key role in PAL's district cooling business growth setting up new infrastructure, actively executing and negotiating long-term concession contracts. In the past, for PAL Group he led the hotel management company. He served as Director of Engineering and Projects for Millennium Airport Hotel and Project Engineer for GECO Mechanical & Electrical LTD in the past

Business Profile

- Established in 2006 as district cooling business
- Strong commitment to sustainability
- 7 long term concession agreements for 30 to 35 years
- Seven fully owned subsidiaries

Key Assets



Key Milestones

- **2006** - Executed its first Concession Agreement with Tamouh Investment Company for Reem Island Development
- **2010** - Tamouh Plant commissioned
- **2012** - Executed Concession Agreement for Shams Development and Capital Centre Phase 4
- **2013** - Executed Concession Agreement with Saraya Development
- **2014** - Restructured the business under PAL Cooling Holding LLC
- **2015** - Executed Concession Agreement for Danet Development, Danat
- **2017** - Executed Concession agreement for Najmat Development
- **2017** - Expanded Shams Plant capacity by 7500 RT
- **2018** - Expanded Saraya Plant capacity by 5,000 RT
- **2019** - Started construction of Shams 2nd Plant with design capacity of 57000 RT

New initiatives / Key Projects in 2019

The main initiative focused on designing and constructing new plants in Shams and Danet, installing an RO Plant in Tamouh to recycle industrial wastewater and also expand the same plant through the construction of thermal energy storage tanks.

Our Strategic Initiatives

PCH is committed to its sustainability agenda and consistently supports new technologies.

In 2016 PAL invested in a new initiative and jointly with M/s. Trane developed the first ever 7500 RT single module with green refrigerant R 1233 zd(E). This had never been achieved before in the GCC region and the plant was successfully commissioned in 2017. This initiative paved the way for the district cooling industry to opt for larger capacity modules and start using green refrigerant (HFO) in the region.

Market Outlook

- More than 70% of electricity consumption is attributed to air conditioning due to the desert climate
- By 2030, the demand for electricity is expected to triple
- Significant pressure to develop and adopt energy-efficient air conditioning systems such as district cooling
- Benefits of district cooling are broad, but focused on reducing the electricity consumption by half, followed by a dramatic drop in CO2 emissions

Business Market Overview

- PAL has already laid and commissioned chilled water networks in 90% of its signed concession areas
- Comprising a design capacity of 242,000 (RT) with a current capacity of 92,500 RT
- PAL holds 7 long-term concession agreements of 30-35 years with a cumulative load of over 550,000 RT

Corporate Social Responsibility

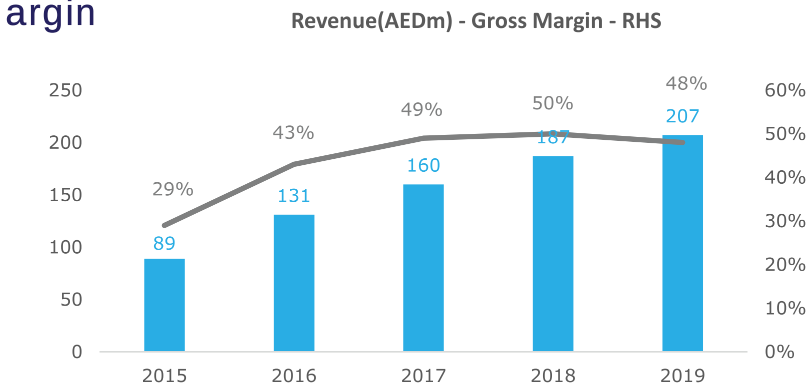
Safety

- Implementation of mandatory HSE training and development programs
- Externally - certifications include NEBOSH, IOSH
- Internally - internal training targeted at defensive driving, work at height
- More than 100 employees and contractors attended diverse training sessions

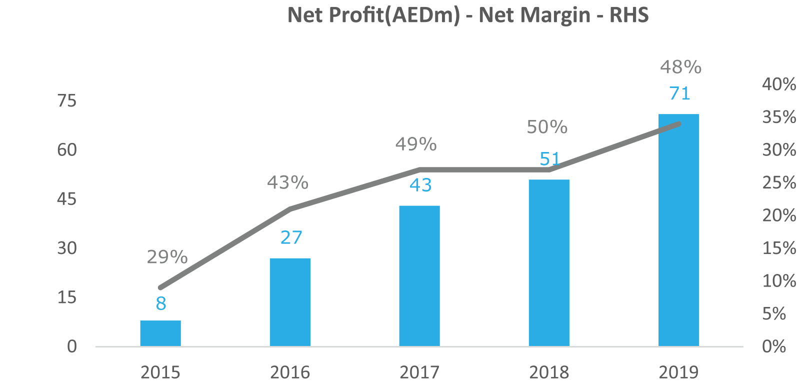
Environment

- Reducing energy consumption, which in turn lowers carbon emissions
- RO plant implementation to recycle portions of industrial waste water
- Environmental monitoring through various tests
- Waste management through segregation and waste disposal through approved provider

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	809	887	906	943	964
Liabilities	533	581	557	544	494
Equity	276	306	349	399	470

- All Values in AEDmn

Business Performance Report 2019

- In 2019, Pal Cooling Holding achieved an 11% of YOY growth in revenue
- Revenue grew at a CAGR of 23% over past 5 years, reaching at AED 207mn
- Company achieved a gross profit of AED 99mn in 2019, with 6% increase YoY
- FY19 reported a net profit of AED 71mn with net profit margin up by 7% YoY to 34%

"Buys, Sells and Develops Lands Plots, Leases Real Estate Properties and performs General and Landscaping Contract works"

Emirates Stallions Properties

ستاليونز الإمارات العقارية

Landscaping, Design-build & Irrigation works

150,000
Square Meters of Accomodation Facilities for Labor

Capacity of approximately
20,000 Beds.

+125
Running Sites

Accumulated a
Diversified
Array of Subsidiaries

3.2 IHC Real Estate

Overview

Emirates Stallions Properties LLC (ESPL) operates through a fully owned subsidiary, Abu Dhabi Land Contracting and was established in 2006. ESPL buys, sells, develops and manages real estate projects. ESPL through its subsidiaries performs commercial, technical and contracting services especially marine works' contracts, general contracting, Infrastructure development and other associated works such as design and construction of landscaping & irrigation works.

Our Management

Kayed A. Khorma
Chief Operating Officer (COO)

Qualification

BS, Civil & Environmental Engineering, University of Colorado, USA

Experience

Mr. Khorma brings his 34 years' experience in Civil Engineering setting long term Business Strategies that are designed to achieve the Group Vision & Mission. Kayed's experience is mainly in the Construction field of the business in addition to midterm and long-term investments. Being the Key Senior Management personnel in charge, Mr. Khorma oversees the overall operation of the business and acts as a key decision maker in day to day management Prior to his time at ESPL, Mr. Khorma had experience in Civil Engineering & Contracting across Jordan and the UAE

Business Profile

Operates through Abu Dhabi Land Contracting, a fully owned subsidiary

Associates and Joint Ventures:

- Abu Dhabi Mountain Gate (47%)
- Progressive Real Estate Development (65%)

Key Products

- Construction work
- Offering diversified landscaping services and solutions to a wide range of clients
- Ownership and operation of workers
- Investment and Development

Subsidiaries

- Abu Dhabi Land General Contracting - construction works
- Gulf Dunes Landscaping and Agricultural Services - landscaping design-build and irrigation works
- Century Real Estate Investment - constructs, operates & expands workers' accommodation facilities

Our Strategic Initiatives

- Our main strategic initiative is to capitalize on achievements, focusing on further expansion
- Gulf Dunes aims to become the largest landscape contractor in the Abu Dhabi Emirate

Key Milestones

2006
Founded

2010
ESPL aquires a Group of companies named Abu Dhabi Land General Contracting LLC (ADL Group). The Group include the following entities:

- Abu Dhabi Land General Contracting LLC
- Gulf Dunes Landscaping and Agricultural Services LLC
- Century Real-Estate Investment LLC
- Progressive Real-Estate LLC
- Abu Dhabi Mountain Gate Real-Estate LLC
- Lazio Real Estate

2019
Acquired additional shares in Sawaeed Holding PJSC

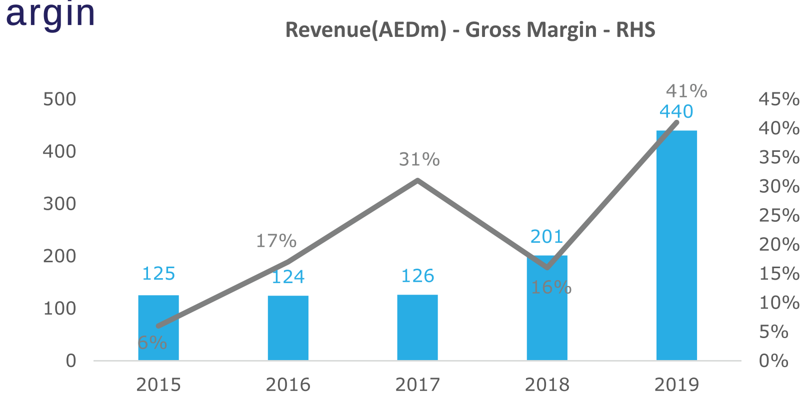
New initiatives / Key Projects in 2019
ADL will Bid (jointly with its JV partner "Combined Group" for a new Infrastructure Project at Sector 4 (RT-4) Reem Island. The Project consists of 2 packages

- Regional Pckg + Bridge; estm value of ~AED 400mn, Employer: Bunya Enterprises
- Local Pckg; estm value of ~ AED 100mn, Employer: Tamouh Investments.

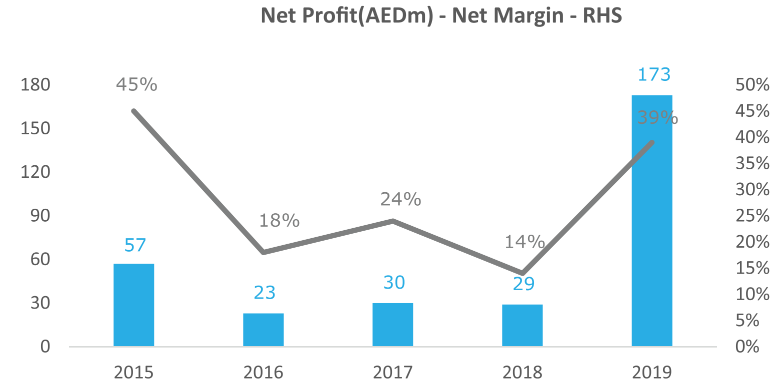
GDL is in the mid-to-final stages of concluding several tendered projects such as:

- Landscape construction (Soft & Hard) for the new Intercontinental Hotel in Abu Dhabi, estm value:~ AED 15mn, Cons: Cracknell
- Landscape construction (Soft & Hard) for enhancement of Nation Towers Landscape, value:~ AED 5.5mn, and Remaining Landscape works at Lulu'at Al Raha, estm value: AED 9mn, Employer: ICT
- Landscape O&M at Qasr El Watan (Presidential Palace) for an estm value of ~ AED 6mn (annually), Employer: MOPA

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	524	423	479	562	611
Liabilities	67	78	80	120	97
Equity	446	353	399	442	514

- All Values in AEDmn

Business Performance Report 2019

- During 2019, the Group achieved a total revenue of AED 440mn, due mainly to the sale of three plots of land located in Abu Dhabi
- Revenue grew at a CAGR of 37% over past 5 years
- Company achieved a gross profit of AED 179mn, up 5x YoY.
- FY19 reported a net profit of AED 173mn with net profit margin up by 25% YoY to 39%.
- During the year, increased its stake to 16% in one of its associates Sawaeed, by paying AED 20mn

"The largest Jiu Jitsu Training Company in the World"

بالمـز الرياضيـة
PALMS SPORTS

432
Training Centers

12
Strategic Partnerships

360
Tournaments

782
Coaches

130,000
Trainees Per Year
Across the UAE from the MOE Schools & Government Affiliate Organizations

3.3.1 IHC Digital - Palms Sports

Overview

Palms Sports is the largest Jiu Jitsu training company in the world, focusing on curricular mass-education programs and sports administration and boasting an expansive multi-disciplined, multi-dimensional business portfolio. In November 2019, Palms Sports proudly became a member of IHC Headquartered in Abu Dhabi, the capital city of the UAE, Palms Sports is an active advocate of the Governments' initiatives in the sports and fitness domains, foreseeing stronger Emarati generations.

Our Management

Fouad Fahmi Darwish
General Manager

Qualification

- MBA, International Finance & Marketing, American University Dubai, UAE
- BA Hons, Economics & Political Science
  Minor: Middle Eastern & Islamic Studies, University of Toronto

Experience

With more than 25 years of experience in the banking and financial sectors across 3 continents, Fouad is a visionary and a seasoned business leader. With a remarkable EQ he has been able to create and maintain strategic alliances and partnerships with government officials, business leaders and stakeholders alike, facilitating consitent growth and strategic positioning of Palms Sports. Previously Fouad was a senior executive in key financial organizations in MENA, in addition to holding several board directorships

Business Profile

- Development, implementation of education and sports programs
- Strategic Partner and technical arm of the UAEJJF
- Delivering the world's largest curricular -sports program

Our Sports

Jiu Jitsu | Muay Thai | Swimming | Traditional rowing | Fitness

Services

- Development and implementation of mass-curricular education and sports training programs
- Sports Facilities Management
- Sports marketing solutions & consultancy services
- Sports events & program management
- Sporting goods provider

Our Clients

- Ministry of Education, ADEK & ACTVET
- Government and Quasi Government Authorities
- Ministry of Interior-Police Academies
- Jiu Jitsu Sports Clubs

Our Strategic Initiatives

Palms Sports Academies - 2019

- 4 Academies inaugurated in Abu Dhabi
- Total of 30 academies to be inaugurated in UAE by the end of 2020
- Deliverables: preparing athletes to succeed in domestic and international competitions

MBZ Summer Training Program - 2019

- Initiated in summer of year 2017 as the Ministry of Education Jiu Jitsu Summer Training Program and after the benevolent success of the initiative for 3 consecutive years with more than 300 camps availed to our young girls and boys, we were honored with directions to replicate the very same training program, in conjunction with UAE Red Crescent, for Syrian refugees in Jordan - to our privilege the name of the program became 'Mohammed Bin Zayed Jiu Jitsu Training Program'

Emirati Fit Program - 2018

- The Emirati Fit Program was launched across 88 Ministry of Education Schools in 2018 as a unique group training program encouraging students to partake in healthier lifestyles. In the past two years, 2,100 classes were delivered to 23,000 + students

Corporate Social Responsibility

People

Periodic team and family get together, consistent professional development programs for teams

Safety

Amongst many, an overarching school swimming pool health and safety inspections; risk assesment initiated by a dedicated team in 430+ facilities

Jiu Jitsu & self defense training programs for Syrian refugees; collaboration with Zayed Higer Organization

Society

Inauguration of Jiu-Jitsu training academies in Abu Dhabi and in the Northern Emirates

Swimming tournament in Abu Dhabi for autistic and special needs students; Jiu Jitsu training and competitions

Key Milestones

2011
45 Coaches
43 Training centers
26,000 Trainees
57 Tournaments

2012
150 Coaches
60 Training centers
32,000 Trainees
75 Tournaments

2013
186 Coaches
85 Training centers
36,000 Trainees
94 Tournaments

2014
261 Coaches
90 Training centers
59,000 Trainees
119 Tournaments

2015
483 Coaches
180 Training centers
62,000 Trainees
155 Tournaments

2016
580 Coaches
184 Training centers
81,000 Trainees
180 Tournaments

2017
604 Coaches
300 Training centers
100,000 Trainees
350 Tournaments

2018
631 Coaches
331 Training centers
125,000 Trainees
350 Tournaments

2019
752 Coaches
432 Training centers
130,000 Trainees
360 Tournaments

Business Market Overview

- Palms Sports was established in response to the unprecedented growth of Jiu Jitsu within Abu Dhabi schools and government authorities.
- Having successfully developed a blueprint for the implementation and management of mass scale training programs, Palms Sports has expanded operations across a wider domain of sports, events and educational activities, overseen by our experienced and multi-disciplined team
- Palms Sports continues to excel not only in enhancing grass-roots sporting programs but also in the development and showcasing of world-class, homegrown talent. Such stars serve as vital role models for their fellow Emiratis and act to inspire others to attain their goals and live healthy & productive lives

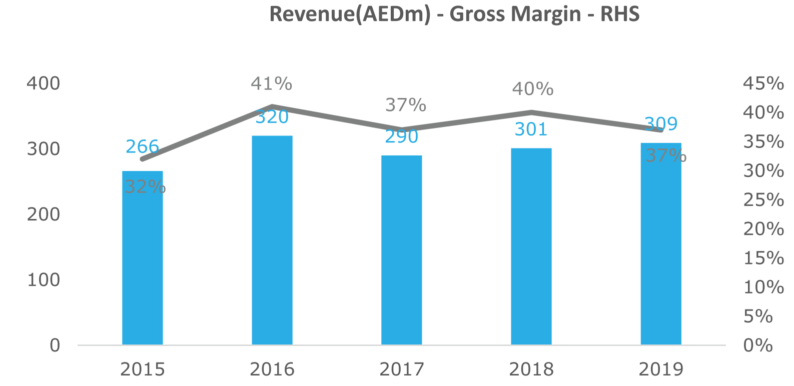
New initiatives / Key Projects in 2019

- Introduced MMA training and competitions to Government
- Partnered with the International Ju Jitsu Federation in sponsoring and availing logistical assistance to international competitions
- Participated in symposiums and presentations on Jiu-Jitsu in the UAE and abroad
- Delivering swimming training programs and activities in 42 Ministry of Education Schools
- Designed and implemented the very first school 'traditional rowing training program' in seven Emirates with training taking place simultaneously
- Launching Palms Sports Academies across the UAE
- The rejuvenation of the Abu Dhabi Warriors in January 2019; which is quickly becoming the largest MMA in the region and one of the most prestigious championships by attracting top-tier fighters from across the globe

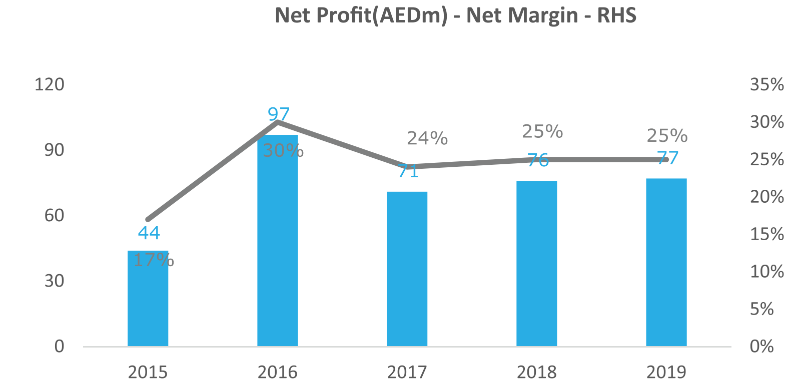
Market Outlook

- The past decades registered concerning levels of obesity and lifestyle-related diseases across the UAE, with the nation consistently ranking among countries most heavily burdened and susceptible to related economic and social bearings
- Multiple generations in the UAE are encouraged to develop proactive attitude towards the importance of physical activity and well-being
- Jiu-Jitsu has revolutionized martial arts across the world and stands as a shining example of rapid worldwide adoption. The unparalleled success can clearly be attributed to two principal factors: real-world applicability and adaptability for training to suit all ages and fitness levels, the ideal activity in the quest towards enhanced fitness, health, productivity and nationwide achievement.

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	135	216	262	290	310
Liabilities	50	54	59	70	74
Equity	85	162	203	220	236

- All Values in AEDmn

Business Performance Report 2019

- Albeit renegotiating a major contract at a 4% discount, Palms Sports was able to register an AED 309mn revenue at 3% YoY increase
- Revenue grew at a CAGR of 4% over past 5 years
- Company achieved a gross profit of AED 114mn at 37% of gross margin
- Palms Sports diligently remained at par with 1% net profit growth reporting a net profit of AED 77mn

"First Cineplex to bring 3D Technology to Cinemas in Abu Dhabi"

CINE ROYAL

Total
5,858
seats

41
screens

4 locations
across Abu Dhabi

3.3.2 IHC Digital - Cine Royal

Overview

Cine Royal Cinema LLC is a chain of Cineplex with 41 screens across four locations in the Emirate of Abu Dhabi. Cine Royal is ISO 9001:2015 certified and was the first Cineplex to bring 3D Technology to cinemas in Abu Dhabi. The company is particularly invested in making the silver screen experience comfortable, enjoyable and technologically unmatched.

Our Management

Mohammed Al Quaissieh
Managing Director

Qualification

- BA, Mass Communication and Public Relations, Ajman University of Science & Technology
- MA, Environmental Science (Specialized in Legal Protection of Arabic Gulf Marine Environment from Pollution), University of Ain Shams-Egypt

Experience

22 years of multidiscipline experience in UAE out of which 12 Years of cumulated experience in Retail & Distribution sector. Mr. Quaissieh has been at the forefront of the company and played a key role in development of organization with a rapid growth since 2007. In the past he worked as Manager for the Private Office of H.H Sheikh Zayed Bin Sultan Al Nahyan (Former UAE President)

Business Profile

Based in Abu Dhabi

Royal Experience can be divided into four classes
- Royal class,
- Platinum class,
- Cine Royal Plus, and
- Cine Royal Kids

ISO 9001:2015 Certified

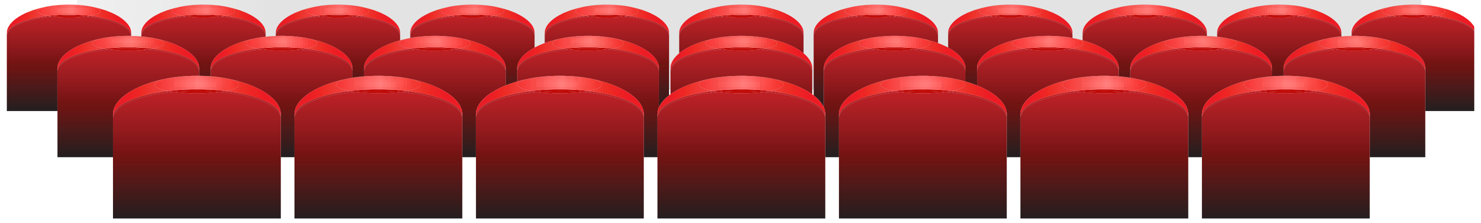
Locations

The main locations are in

- Khalidiya mall
- Dalma mall
- Deerfield mall
- Ruwais mall

Types of Movies

- Animated
- Documentary
- Adventure
- Comedy



Our Strategic Initiatives

Cine Royal understands the importance of the convergence of technology for engaging customers and generating revenue and hence, always updates itself with the latest technology to create an unmatched experience for its viewers

'Firsts'

- Introduction of Cine Royal kids to create an enjoyable experience for children and parents alike
- 3D Cinema in Abu Dhabi
- DOLBY ATMOS Theatre in Abu Dhabi
- Cinema Theatre introduces SONY 4K Digital Projector in UAE
- Cinema Group facilitates access to people with a disability

Business Market Overview

The UAE's cinema industry will continue to grow at a steady rate over the next few years, aided by a growing population in the country, increasing investment in cinema experiences and demand for local content

Market Outlook

Cine Royal expects to enter the market in Dubai by opening new theatres in upcoming Malls Developments

Corporate Social Responsibility

People

- Professional employee training
- Football and Cricket Teams
- Support at working place Annual picnic

Safety

- The Civil Defense complaint certification
- Regular maintenance

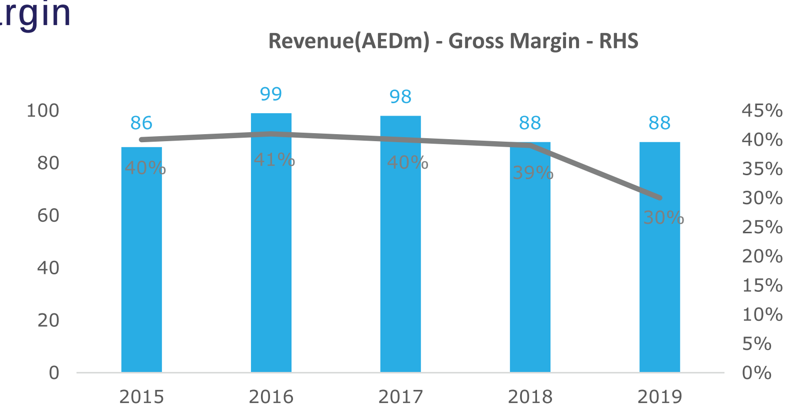
Society

- Women's empowerment
- Social welfare campaigns

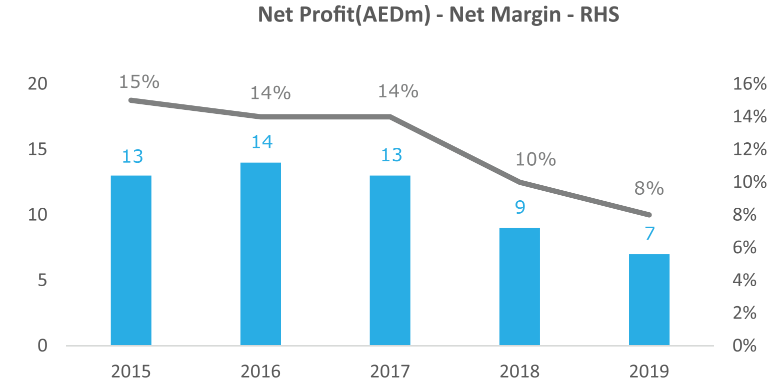
Environment

- 99% LED lighting
- Waste management strategies

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	142	145	147	149	189
Liabilities	47	38	32	29	65
Equity	96	107	115	120	124

- All Values in AEDmn

Business Performance Report 2019

- During the year, Cine Royal Undertook the initiative to update its technology, while is remained diligent in terms of sale of tickets at 1.3 mn tickets sold.
- Revenue has been consistent at AED 88mn
- The company pre-closed its only loan resulting in reduction of costs
- Company achieved a net profit of AED 7mn with a net profit margin of 8%


"Importing and Wholesale Trade of Premium High-tech Cutting-Edge Solutions"
TRUST
INTERNATIONAL
GROUP
Certified
ISO 9001:2015
Partnered with
Industry leading Companies
Major supplier for the
UAE Armed Forces & Security Establisments

3.4 IHC Industrial - Trust International

TRUST
INTERNATIONAL
GROUP

Overview

Trust International is a major supplier of premium solutions to the UAE Armed Forces and security establishment. Trust partners with industry leading companies to provide high-tech cutting-edge solutions to our customers. The primary activities of the company include, importing and wholesale of military equipment/products and spare parts, as well as providing support and services. Trust became a part of IHC on Nov 1, 2019

Our Management

Ahmed Ibrahim
Chief Executive Officer

Qualification

- Bachelor of Science in Aerospace Engineering from St Louis University USA

Experience

Mr. Ahmed is CEO of Trust International Group since Aug 2009. Over the last 10 years, the company has made steady growth in its revenue. Under his management the company diversified its business to become not only a military vehicle parts & supplier, but also became involved in the supply of all kinds of tactical combat equipment, major systems and became a service provider. Prior to this, Mr Ahmed worked with Abu Dhabi Aviation (previously Abu Dhabi Helicopter), and then joined the UAE Armed Forces in March 1987 as an Engineer Officer and retired in Feb 2008 as full Colonel.

Business Profile

- Established in 2004
- Based in Abu Dhabi
- ISO 9001:2015 Certified

Clients

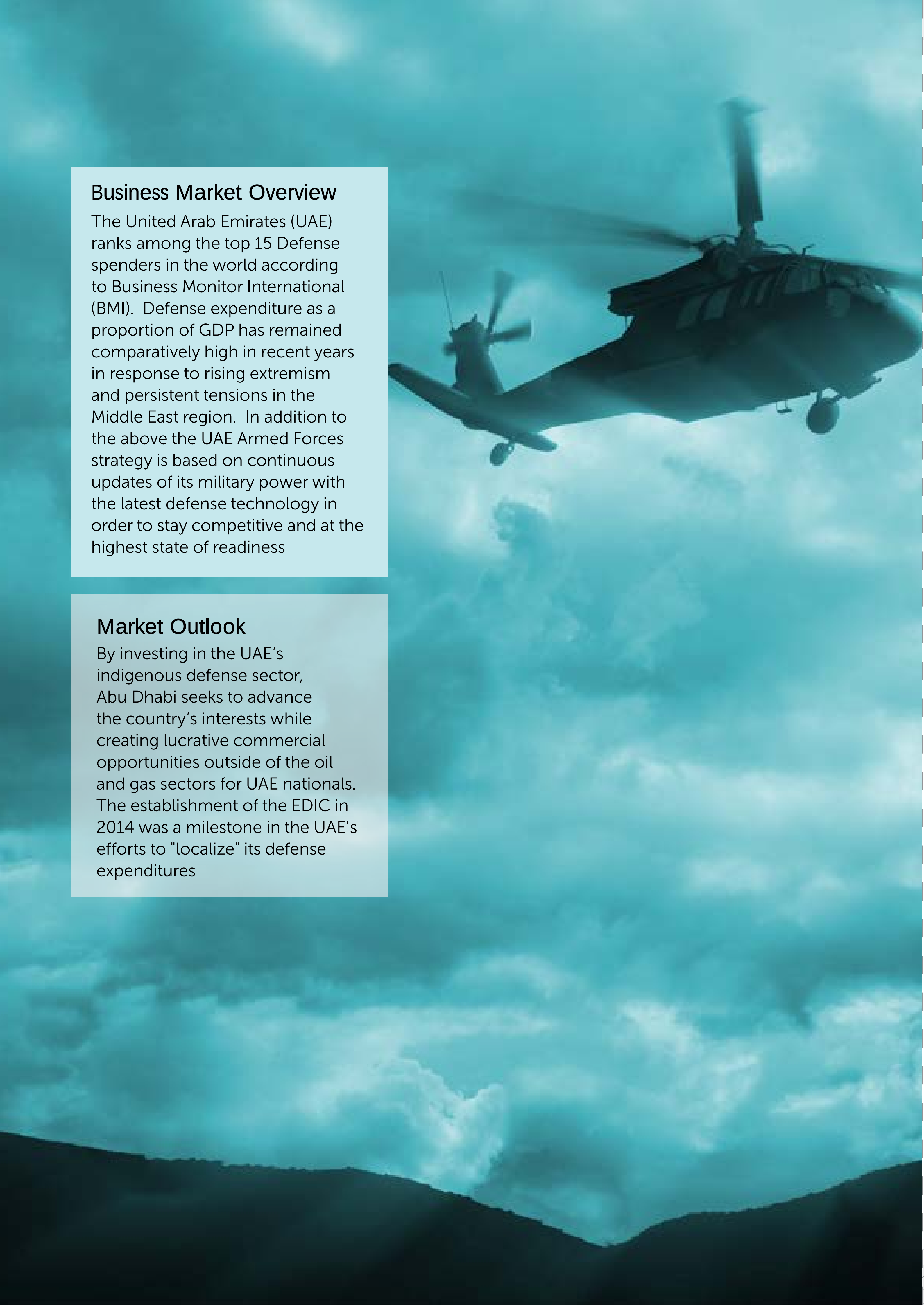
Air Force | Land Force | Pres Guard | Navy | Security Establishment | CICPA

Solutions

- Land Systems
- Aerial Systems
- Maritime Systems
- Unmanned Systems
- C4ISR Systems
- MRO Services
- Logistics & Supply Chain Services
- Tactical Equipment

Business Approach

- Partnering with industry leading companies to provide high-tech cutting-edge solutions to customers
- Helping customers to solve problems and improve capabilities
- Conducting needs assessments with end users
- Establishing customer priorities and criteria
- Customizing solutions to optimize outcomes
- Implemening solutions
- Providing follow on support and life cycle maintenance



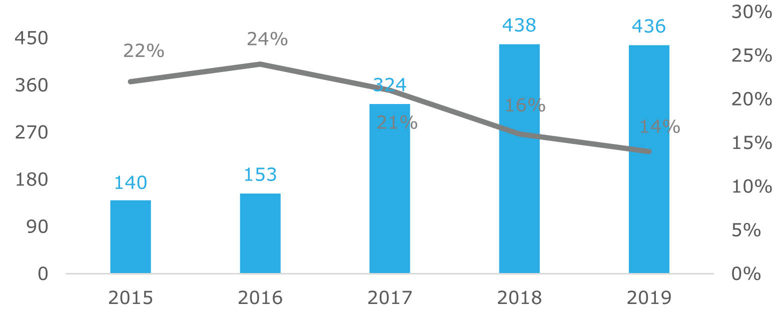
Business Market Overview

The United Arab Emirates (UAE) ranks among the top 15 Defense spenders in the world according to Business Monitor International (BMI). Defense expenditure as a proportion of GDP has remained comparatively high in recent years in response to rising extremism and persistent tensions in the Middle East region. In addition to the above the UAE Armed Forces strategy is based on continuous updates of its military power with the latest defense technology in order to stay competitive and at the highest state of readiness

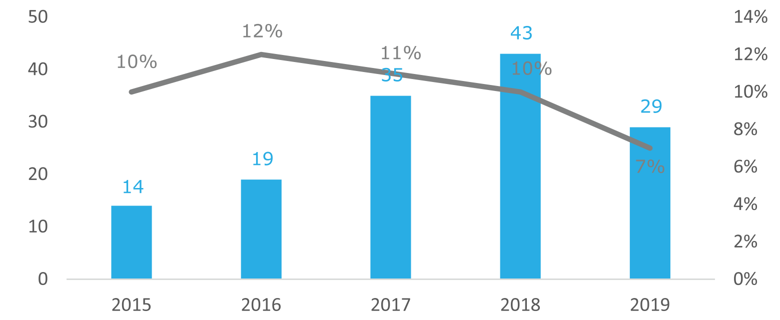
Market Outlook

By investing in the UAE's indigenous defense sector, Abu Dhabi seeks to advance the country's interests while creating lucrative commercial opportunities outside of the oil and gas sectors for UAE nationals. The establishment of the EDIC in 2014 was a milestone in the UAE's efforts to "localize" its defense expenditures

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	81	192	277	257	206
Liabilities	31	131	184	127	53
Equity	50	62	93	130	153

- All Values in AED mns

Business Performance Report 2019

- Revenue for the year was AED 436mn with a CAGR of 33% over past 5 years
- The company has secured contracts worth AED 352mn for the upcoming years and currently in negotiation stage for contracts worth AED 647mn
- Company achieved a net profit of AED 29mn with a net profit margin of 7%

"Best in Class Earnings and Profitability in the Industry"

SHUAA SECURITIES

4th
Ranked in UAE out of 41 Brokerages

44%
Growth in Turnover Value in FY19

6.75%
Market Share in 2019

3.5 IHC Capital -Shuaa Securities

Overview

SHUAA Securities is a brokerage firm based in Abu Dhabi, regulated by the Emirates Securities and Commodities Authority, specialising in equities and derivatives trading on the ADX, DFM, and Nasdaq Dubai. SHUAA Securities – rebranded in 2018/19 from Integrated Securities – was initially founded in 2001 as the brokerage arm of First Gulf Bank (now First Abu Dhabi Bank). Shuaa has been part of the IHC family since November 1, 2019

Our Management

Ayman Hamad
Chief Executive Officer

Qualification

- BA, Accounting, University of Cairo
- MBA, Finance and Investments

Experience

Ayman Hamed is the Chief Executive Officer of SHUAA Securities, and holds 24 years of leadership experience in the financial services sector. His career path has evolved from sales trader, and research analyst before moving to leadership positions – with a solid track record of successfully managing and leading regional brokerage franchisees. Ayman's experience covers greenfield investment establishment, supporting strategic alliances & partnerships, strategic planning, budgeting, restructuring, and managing operational risk.

Business Profile

- Specialized in equity and derivatives trading
- Regulated by emirates securities and commodities authority
- Based in Abu Dhabi
- Key markets include UAE, GCC and Egypt

Key Products

- Cash equity trading
- Margin equity trading
- Institutional equity trading
- Derivatives trading

Services

- Access to stock exchanges –ADX, DFM & Nasdaq Dubai
- Online Trading
- Mobile Trading
- Margin Trading
- Derivatives Trading
- DMA (Direct Market Access)

Key Strengths

- Trading Platform and Systems
- Existing Licenses
- Strong Relationships with Clients
- Strong Compliance
- Research Expertise
- Trained Human Resource
- Key Clients Portfolio
- Regional access

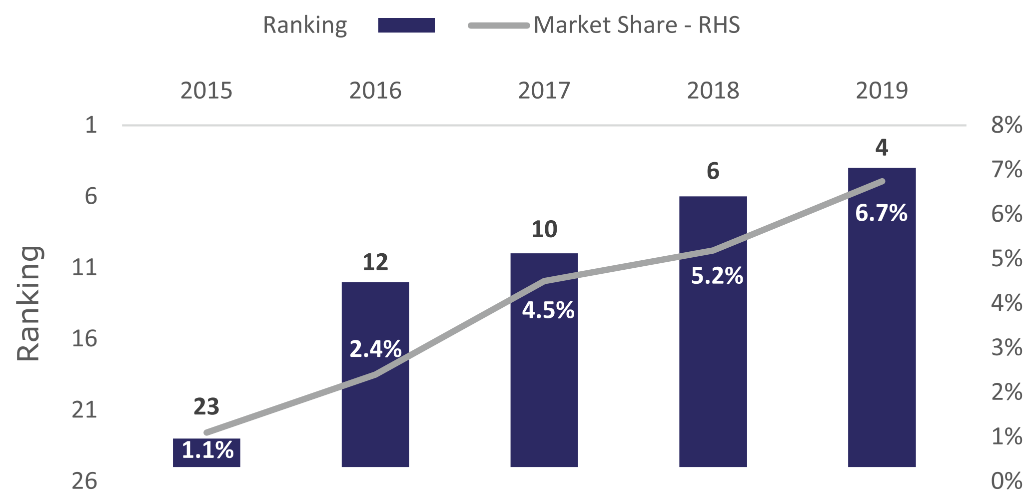
Our Strategic Initiatives

Establish regional brokerage arm to cover the GCC / MENA region

Key Milestones

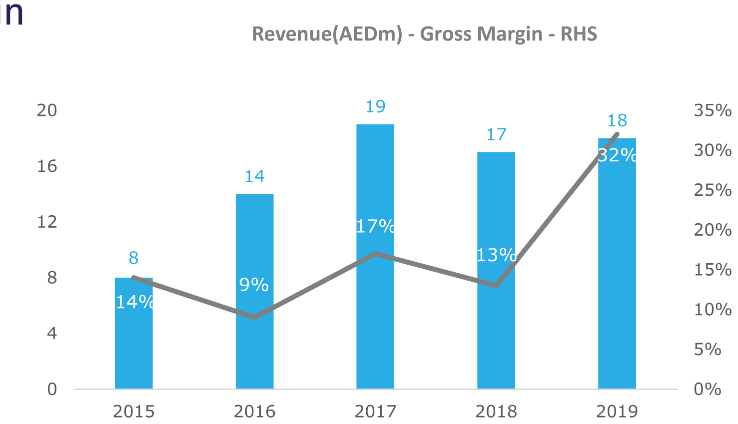
2001	2015	2017	2018	2019
Founded as Brokerage arm of First Gulf Bank	Acquired by ADFG and rebranded as Integrated Securities	Participated as founding member of Nasdaq Dubai Single Stock Derivative Trading and executed first Trade	Ranked top trader at Nasdaq Dubai with 32.5% market share Merged with SHUAA Capital and rebranded as SHUAA Securities	DFM honors SHUAA Securities with five star ratings Federation of European and Asian Exchanges recognized SHUAA Securities as key member Acquired by IHC

Brokerage Ranking

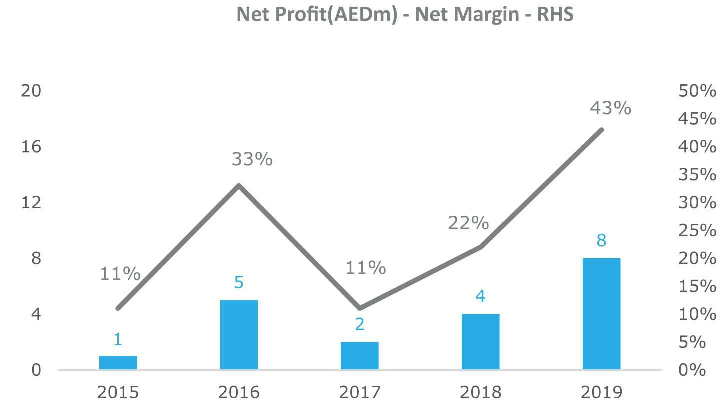


Rank Amongst 41 brokers in UAE, as of 2019 end

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	202	404	331	213	684
Liabilities	52	348	273	151	549
Equity	150	56	58	62	136

- All Values in AED mns

Business Performance Report 2019

- Outperformed the market significantly and increased its trading volumes to AED 14.8bn resulting in 8% YoY revenue increase
- Revenue for grew at a CAGR of 23% over past 5 years, reaching at AED 18mn
- Company achieved a gross profit of AED 6mn in 2019, up 3x YoY
- Net profit of AED 8mn with net profit margin up by 20% YoY to 42%
- FY19 market share was up by 1.6% YoY to 6.7%

"Expaning Operations in UAE, US and Europe"

JHC Food Holding LLC

4 Businesses

5 Fully Owned State of the Art Factories

3.6.1 Vertical CEO's Message - Highlights

The IHC Food Division has been registering solid revenue growth in the past year while building a better work environment for our employees, partners, and clients. Our purpose is to extend this trajectory into the short and long term and turn the IHC Food Division into a global leader.

IHC Food Division is one of the major revenue contributors to IHC in 2019, nearly half out of total revenues. It currently incorporates four businesses – fishery, animal feed, poultry, and distribution. During the year, the IHC Group diversified its portfolio into the poultry business and distribution business, resulting in total revenue of AED 597mn.

Fishery, one of the pioneers in IHC, revamped their frozen products, promoting a new look and feel. This strategic marketing initiative resulted in increased sales with 16,000MT sold in 2019 compared to 14,500MT sold in 2018. All of their products are distributed via both B2B and B2C distribution channels, including wholesale, export, food service, e-commerce, and retail. These channels are strengthened through relationships built with the best distributors and trade partners all over the GCC, the Arab Orient, and the MENA region.

IHC's desire to improve food security in the UAE continues to drive the animal feed business, which procured and opened a new Facility in Lleida, Spain with an annual capacity of over 60,000MT for forage products, resulting in total processing capacity of 450,000MT of forage. During the year, the company also formed strategic relationships with Dairy One laboratory in New York and Seibu in Japan. This platform provided us with an opportunity to grow globally and develop new marketing and distribution channels in five different countries.

In the current year, our poultry business increased production effectiveness, including feed conversion ratios, average weight gains, and reducing the sharp decline in mortality rate. Each of these production improvements reflected positively on both fixed and variable costs.

This year, the distribution business commenced operations in its State-Of-Art Warehousing facility in KIZAD with a storage capacity of 4,668 M^3 and added 13 distribution vehicles to its fleet.

Mamoon Othman,
CEO - IHC Food

Asmak's new seafood processing factory in Dubai's Industrial Area

"Processing, Distribution and Export of Fish and Fish Products Across Key Global and MENA Markets"

أسماك
asmak

Annual Production Capacity of
40,000 MT

Includes
Frozen and Fresh
Catagories

State-of-the-art
Processing and Distribution Facility

International Suppliers
From Europe, Far East, Indian Subcontinent, Africa & Latin America

A Wide Spectrum of
Seafood Products

3.6.2 IHC Food - Asmak Holdings

Overview

Asmak is a leading provider of fresh and frozen seafood across the Middle East with a major focus on processing, distribution and exports across key global and MENA markets. Asmak's products are exported throughout the GCC, the Middle East, North Africa and Europe. Asmak operates in all business channels in the UAE and supplies its products to top tier retailers, key foodservice businesses and catering institutions

Our Management

Fadi Hammad
General Manager

Qualification

- BS, Business Marketing, Lebanese American University
- MBA, Lebanese American University

Experience

Fadi Hammad has 19 years of multidiscipline experience in UAE in the field of FMCG sales and marketing. Fadi is focused on driving the pace and reach of ASMAK's operations in the region and beyond. Fadi brings to ASMAK passion for leadership and operations that will facilitate its continued emergence as an industry powerhouse. Before joining ASMAK, Fadi worked in diverse roles relating to sales-based commercial activities from customer management, through sales support and strategy, to franchise and general management. His past employers have included leading global and regional companies such as PepsiCo, Nestle, BRF (Sadia) and Transmed (a P&G regional distributor). In his last assignment prior to ASMAK, Fadi managed a topline of 1 bn Dirhams, leading a team of more than 300 employees with trade coverage of 7,500 points-of-sale.

Business Profile

- Wide range of seafood products
- Pioneer in the region
- FDA, EU, HACCP, and ISO 22000 certifications and approvals

Key Products

- Shrimps
- Sea breams and bass
- Salmon
- Basa
- Nile Perch

Business Channels

- Retail
- Foodservice
- Export
- Asmak Brand
- Wholesale
- Private Label

Key Markets

- UAE
- KSA
- Egypt
- Kuwait
- Oman
- Jordan

Production Capacity

Volume in Metric Ton (MT) per Annum (PA):

12,000 MT PA - Fresh Fish Processing and Trading
7,500 MT PA - Shrimp Processing
17,000 MT PA - Frozen Processing and Trading
1,500 MT PA - Breading
2,000 MT PA - Smoking

Key Assets

- Factory in Ajman
- State-of-the-art processing and distribution facility in Dubai Industrial City (DIC)

Our Strategic Initiatives

Our main strategic initiative is to be a leading seafood processer and supplier in the MENA region by widening the product range and expanding our geographic footprint and customer distribution. We are in the final stage to open our DIC facility with an annual production capacity of 40,000 MT" and, lastly, to expand globally through venturing into supply chain, marketing & sales operations in key regional and global seafood markets.

Key Milestones

1998
- Establishing Asmak as an Aquaculture company in UAE
- Introducing offshore aquaculture in the UAE and GCC
- Pioneering Gild Head Sea Bream farming in the region

2013
- Diversification of business into Processing Distribution and Exports
- Launching Asmak's first branded business under its own name

2018
- Establishing Asmak as leading seafood supplier in UAE/ MENA
- Achieving a solid sales topline with USD 102mn in 2019

New Initiatives /Key Projects in 2019
- Asmak Brand Revamp
- Launch Asmak brand based on consumer insights and behaviors
- SAP launch to improve planning and management of company resources

Corporate Social Responsibility

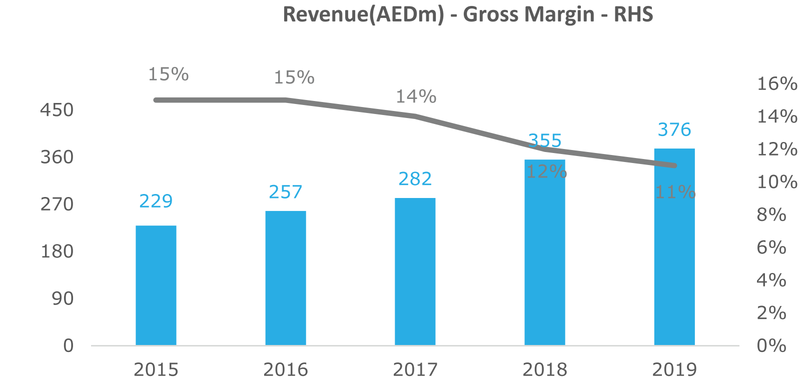
People
- 24 nationalities
- 272 employees

Safety
- Building management system
- Compliance with highest safety standards

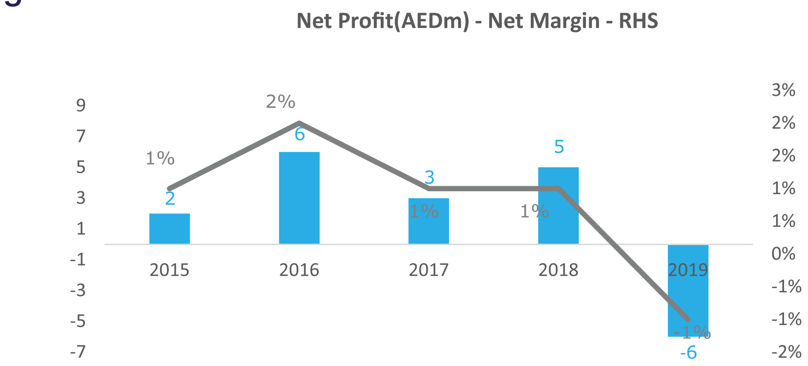
Society
- Food donations to charities

Environment
- Cutting carbon-emissions
- Usage of renewable energy

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	73	91	127	200	269
Liabilities	37	47	99	123	146
Equity	36	44	28	77	123

- All values in AED mns

Business Performance Report 2019
- During the year, Asmak consolidated its leading position with key customers within the UAE and MENA region and broadened its product portfolio resulting in a 6% YoY increase in revenue
- Revenue reported for the year was AED 376mn, growing at a CAGR of 13% over the past 5 years.
- New factory in DIC factory progressed substantially which will be a key enabler for sustainable future growth
- Asmak continued to build its talent capabilities by hiring seasoned professionals keeping an eye on long term market penatration and achieving topline and margin growth
- Asmak reported a net loss of AED 6mn, despite of growth in revenue due to investment in various expansion plans as mentioned above


"Leader in the Forage and Roughage Industry with more than 40 years of Experience"
ALLIANCE
Food Security Holdings
التحالف للأمن الغذائي القابضة
Annual Cultivation Capacity
40,000
Metric Tons
Production Capacity
450,000
Metric Tons of Forage
More than
12 years
Of Experience in the Animal Feed Business

3.6.3 IHC Food - Alliance

Overview

AFSH is a focused, expert organization specializing in supply chain management in purchasing, processing and sales of forage and animal feed. AFSH provides end-to-end business solutions in the form of 'farm to client' through procurement, processing, storage, logistics and and transportation, sales and marketing and technical support.

Our Management

Nick Gombos
Chief Executive Officer

Qualification

BA, The Citadel Military Academy
MSc, Business Administration, Washington State University

Experience

With more than 12 years' experience in the Animal Feed Business, Nick has a demonstrated history of working in the international agribusiness industry. Skilled in Negotiation, Business Planning, Operations Management, Finance, Sales, Marketing, and Customer Service. He has extensive experience in the supply chain sector, working for multinational organizations around the world. Working with and leading teams in Africa, the Middle East, Far East Asia, Europe and North America, Nick has become a prominent leader and industry expert and is proud to lead and work alongside AFSH group and partners world-wide.

Business Profile

- Specialized supply chain management
- Operating through 3 subsidiaries
- end to end business solutions in the form of farm to client

Products

- Premium grade alfalfa
- Standard grade alfalfa
- Timothy hay
- Sudan grass
- Bluegrass
- Oat hay
- Rye grass
- Fescue
- Bermuda hay
- Other hay types and straws

Markets

- High market share in Asian markets such as China, Korea, Japan and other
- High market share in Middle East, mainly UAE, Saudi Arabia and Qatar

Key Assets

Four processing facilities in:

- 2 in Spain
- 2 in USA West Coast

Our Strategic Initiatives

- Invest in growing the company's farming lands portfolio
- Expansion planned with one additional facility in the US and farm ground strategy
- Focus on long-term supply chain development and food security programs in the Middle East
- Build customer partnership models

Key Milestones

2016
Founded

2018
Acquired 100% ownership for Forrajes San Mateo SLU, Spain which was established in March 2018 by acquiring the asset from current Operation

2019
Increased shareholding percentage from 30% to 50% for Gombos Company, USA which was launched in 2015 by the Gombos Family & long-time partners

Procured and opened a new Facility in Lleida, Spain with an annual capacity of over 60,000MT of forage products. This product includes a new line of dehydrated corn silage with markets in Japan and Saudi Arabia

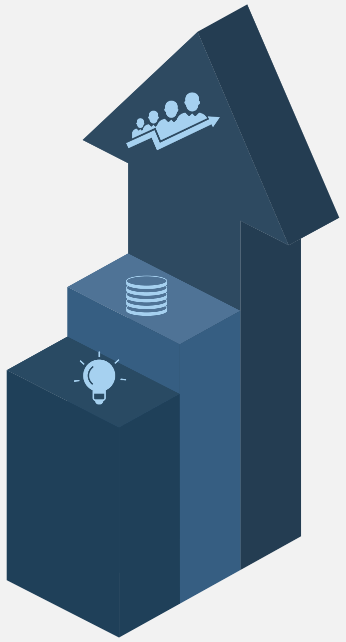
Formed a strategic Alliance with Dairy One laboritories in New York, critical to qualtiy assurance and best practices. From this platform, the group expanded global marketing and distribution channels in 5 different countries

Partnered with Siebu company in Japan, a long time strategic alliance. This partnership secured supply contracts for the Alliance group in North America, and Europe

Sales and revenue increase of over 20%, with organic growth in both North America and Spain supply chains

Key Initiatives

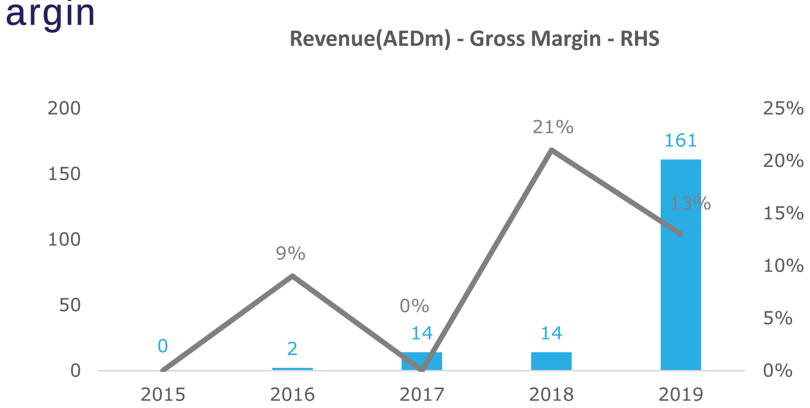
- New Factory in Spain almost complete
- Group-wide ERP implementation in progress 2020
- ISO certification in progress
- Two new product launches in 2019, G-lage™ and DCS



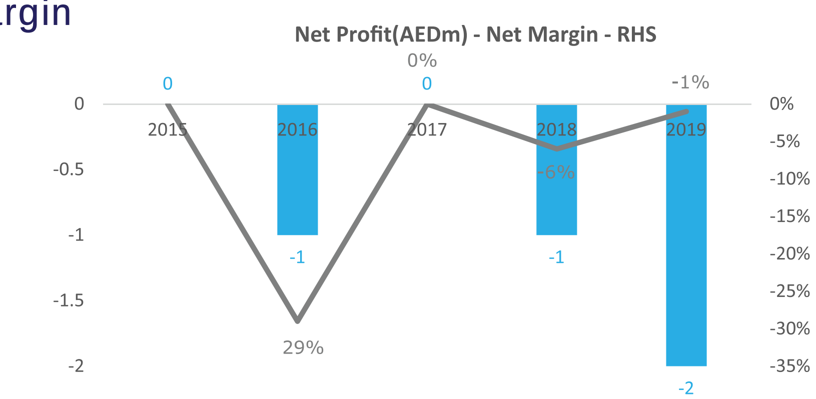
Business Market Overview

- Positive outlook with continuous growth in world demand for animal feed
- Preference for sustainable, high-quality feed, particularly driven by growing markets, especially in Asia with a focus on China.
- In Middle East, there are strong opportunities regarding food security and supply chain management, especially in the UAE and Saudi Arabia.
- Next 10 years are expected to record a significant increase in demand from Saudi Arabia and India of over 25% of the entire world market for forage.

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	-	76	58	27	138
Liabilities	-	(0)	1	4	88
Equity	-	76	57	23	50

- All Values in AED mn

Business Performance Report 2019

- Sales volume for 2019 was 132K MT, which grew 9x times compared to previous year
- Since inception, AFSH grew its revenue at a CAGR of 332% reporting at AED 161mn for 2019
- Relative costs have increased as well due to being in expansion stage, resulting in a net loss of AED 2mn in 2019
- The company opened a new factory in Spain with an annual capacity of over 60,000MT for forage products and secured a major new contract and is expected to grow significantly in its revenue and net profits

"First producer in the UAE Market of Natural Rearing Fresh Chicken and Hatching eggs"

دواجـن العجبان

Al Ajban Chicken

16.5 Mn
Hatching Eggs Per Year

Feeding
31 Mn kg
of Feed Per Year

Maintain
Highest Quality
Poultry Products

Play a Role in
Food Security
in the UAE

Fully-automatic
Processing Plant

3.6.4 IHC Food - Al Ajban Poultry

Overview

Al Ajban Poultry Farm (AJPF) was founded in 1981 as the only natural free-range chicken producer in the UAE. Our mission is to provide the healthiest, most innovative chicken products in the Middle East. Al Ajban has been a part of IHC since November 2019.

Our Management

Dr. Mohammed Ezzat Elagamy
Production Manager

Qualification

- BA, Veterinary Medicine, Mansoura University, Egypt
- PgD, Poultry & Animal Nutrition, Mansoura University, Egypt
- MSc, Avian Pathology, Zagazig University, Egypt
- PhD Researcher, Zagazig University, Egypt

Experience

More than 20 years of experience in poultry field. Dr. Elagamy's experience in poultry includes production, management, diagnosis, medication, vaccination, lab, marketing equipment, poultry meat processing, Food safety & hygiene, Training candidates on poultry production & management skills ,poultry breeding and hatching of eggs, He also has extensive experience in Planning & Budgeting and Management of Brown field & Green field poultry projects. Dr. Elagamy is a Member of World Poultry Science Association and participated in many international conferences & Exhibitions all over the world related to his career

Business Profile

- First UAE producer of natural rearing fresh chicken and hatching eggs
- Based in Abu Dhabi
- A Day-Old chick producer and Hatching Eggs
- Owner of a fully-automatic processing plant

Production Capacity

Broiler Breeder

- 2 Farms of breeder rearing each contains 4 houses and each house has capacity of 8,500 birds
- 4 Farms of breeder production each contains 5 houses each house has capacity of 5,500 birds
- Annual production of 16.5mn hatching eggs

Broiler

- 6 Broiler farms, each contains 6 floor house and 1 broiler cage.
- Each broiler house has a capacity of 23,000 bird and each broiler cage 72,000 birds
- Annual production of 8 Mn birds based on 8 cycles per year

Feed Mill

- Feed mill produces various types of chicken feed with total annual capacity of MT 31,000 (10 MT per hour)

Water Treatment

- To treat water from processing plant to be used in irrigation
- Capacity 1200 cubic meter per day

Hatchery

- 19 Setters and 8 Hatchers
- Annual production of hatching eggs 21 Mn (18 Mn Day 1 old chicks)

Slaughter House

- Fully automated processing plant produce 3,000 bird per hour
- Expandable for 6,000 bird per hour

Lab

- Latest technology to conduct microbiological and serological test and feed analysis

Our Strategic Initiatives

Al Ajban has started its farm expansion in breeders (rearing & production houses), hatchery and broilers (cages). We are striving to maintain the highest quality for our customers and play a role in food security in the UAE. Our efforts are coordinated towards capturing a higher market share of fresh chicken to generate sustainable income for our shareholders

Key Assets

- Poultry Farms (Broilers & Breeders)
- Feed Mills
- Processing Plant
- Water Treatment
- Warehousing
- Point Of Sales & Distribution
- Laboratory
- Labor camps
- Hatchery

Market Outlook

- Ban on all species of domestic and wild live birds, ornamental birds, chicks, hatching and table eggs, poultry meat, non-heat-treated by-products and waste from Kingdom of Saudi Arabia due to a H5N8 outbreak on (KSA) poultry farms
- Similar instances were reported in earlier years
- Favorable conditions for local producers due to the negative impact of VAT on imports

Key Milestones

1981:Start

Commenced operations with: Natural rearing chicken, pheasant and turkey chicken

- First producer in the UAE market for natural rearing fresh chicken and table eggs

2010: Commencement of Poultry Integration Project

- 16 parent breeder houses producing 9.2mn hatching eggs
- Hatchery producing 7.2mn day old chicks
- 36 broiler houses producing 5mn broiler chicken
- Processing plant of 3000 bird/ hr
- Feed mill producing 31,000 tons per year

2012: Safety is Important

HACCP Participation: Applied for the HACCP program, for maintaining high standards in bio-security, nutrition, protection of poultry stock against disease and poultry products safety

2015-18: Years of Expansion

- Expand parent farm from 9.2 to 16.5mn hatching eggs
- Expand of hatchery from 7.2mn-day old chicks to 18mn
- Expand broiler farm from 5mn to 8mn broiler chicken

2019: Current and future

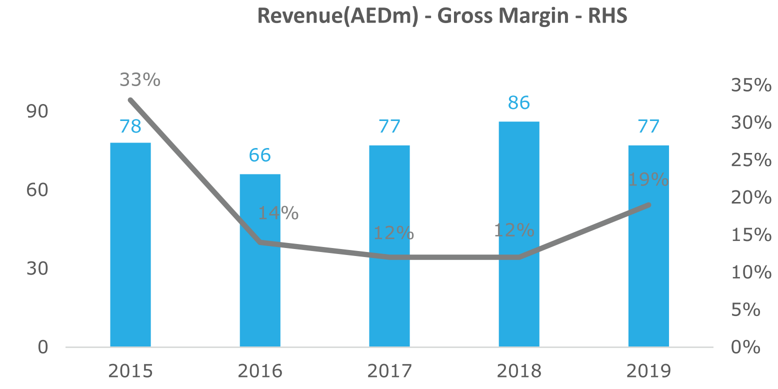
To maintain highest quality for our customers

- To capture higher market share of fresh chicken
- To play a role in food security in UAE
- To generate sustainable income for our shareholders

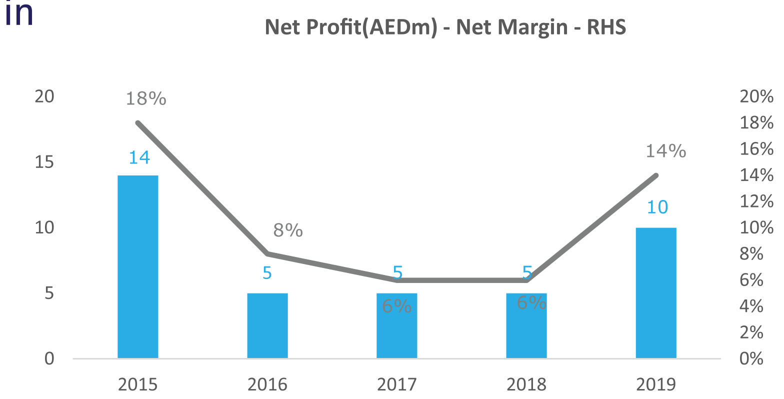
New Initiatives / Key Projects in 2019

- Producing for Agthia private label as Al Ain Fresh Chicken
- Contracting with Carrefour private label for production of fresh poultry

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	267	272	275	272	250
Liabilities	159	159	157	150	58
Equity	108	113	118	122	193

- All Values in AED mns

Business Performance Report 2019

- Al Ajban reported a revenue of AED 77mn in 2019 reduced by 10% YoY
- Gross profit reported for the year was AED 14mn at 19% of margin which is 6% up YoY
- Improvement in margins is due to Improvement in production parameters like FCR, average weight gain, slaughter weight, etc
- Steps taken towards operational efficiency in 2019 had a positive effect on both fixed and variable costs resulting in a net profit of AED 10mn, 2x times improvement YoY

"Leader in the Market in the In Categories of Dried Fruits, Nuts, Spices & Herbs"

1,063 M3
Cold Storage Distribution Capacity

1000+
Products Portfolio

3200M3
Dry Storage Distribution Capacity

405 M3
Chilled Storage Distribution Capacity

3.6.5 IHC Food - Zee Stores

Overview

Zee Stores LLC is engaged in trading and distribution of food and household products in the Emirate of Abu Dhabi. The facilities are equipped with cold, chilled and dry stores and distribution infrastructure. Zee Stores is a market leader in categories such as dried fruits, nuts, spices and herbs, but also pulses, sauces, saffron, olives, dates, pastry products and frozen vegetables. Zee Stores became part of IHC Nov 2019

Our Management

Fazal Ameen
Chief Executive Officer

Qualification

Master of Business Administration, Staffordshire University, UK

Experience

Served as catalyst for growth and expansion. Cultivated strategic plans to advance the company's mission & objectives. Optimized operational efficiency, productivity, loyalty, reputation, new market opportunities and long term growth in the company.

Business Profile

- The company is based in Abu Dhabi
- Prominent trading company in the category of dried fruits, nuts, spices and herbs.
- HACCP and ISO 9001:2015 certified

Products Catagories

The main distribution facilities are located in Mina Warehouse area, Port Zayed, Abu Dhabi and Kizad, Abu Dhabi.

Our Strategic Initiatives

The company is planning to build one more warehouse in KIZAD with a proposed storage capacity 4,000 M^3

Business Market Overview

- The FMCG sector in the GCC region is estimated to grow to USD 270 bn in the next five years
- The GCC model remains distributor-driven with most of the small – medium sized organizations preferring not to invest in setting up their own direct distribution operations giving good potential for distribution companies in GCC.

Corporate Social Responsibility

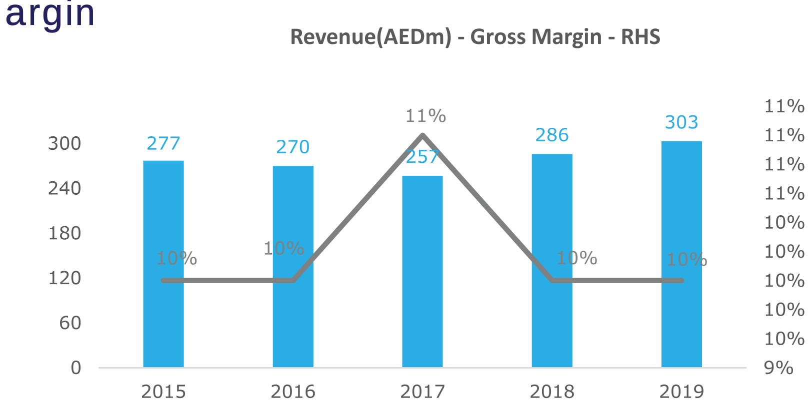
People

- All types of training: orientations camp, professional training and certifications, HACCP & Food Safety training, Fire Steward training and certification
- The Football and Cricket Team for its employees

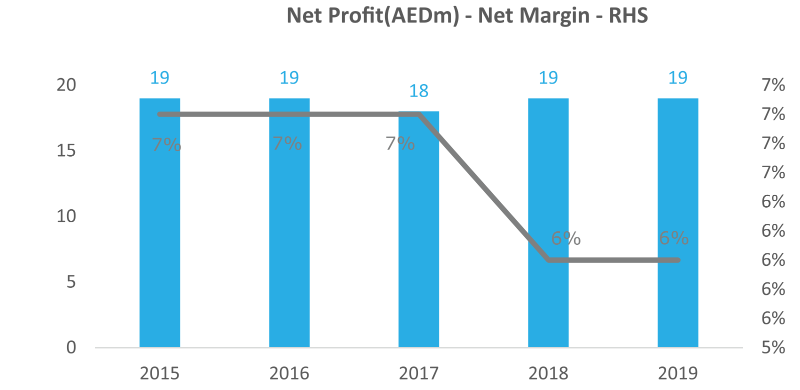
Safety

- Employees have attended HACCP Awareness Programme
- Employees has been certified for Essential Food Safety Training

Revenues and Gross Margin



Net Profit and Net Margin



Balance Sheet

	2015	2016	2017	2018	2019
Assets	145	150	166	186	191
Liabilities	52	46	51	59	51
Equity	93	104	115	127	140

- All Values in AED mn

Business Performance Report 2019

- In 2019, Zee Stores reported a revenue of AED 303mn with 6% growth YoY Company achieved a gross profit of AED 30mn in 2019, with a consistent margin of 10% compared to previous year
- The company has been pretty consistent with its net profits and net profits margin over past 5 years and have reported a net profit of AED 19mn in 2019

International Holdings Company
الشركة العالمية القابضة

3.0 Governance Report

International Holdings Company (PJSC)

Corporate Governance Report 2019

Contents

1. Introduction

International Holdings Company was established in 1999 and is a public joint stock company registered with the Abu Dhabi Securities Exchange since 2005.

International Holdings Company PJSC (hereafter referred to as the "Company") complies with the requirements of the Chairman of Authority's Board of Directors Resolution No. (7/R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

The Company has reinforced the principles of corporate governance, accountability and ensuring highest levels of transparency in its business. The Board is fully committed to constantly improving the Company's ethical culture, while achieving sustainable growth, protecting it's interests and creating value for our shareholders and stakeholders.

2. Implementation of Corporate Governance Principles

The Company is committed to the adoption of effective governance criteria and measures to execute operations with approved Policies, Procedures and Delegation of Authority that aim to achieve transparency and ease, to perform its daily operations.

The company is managed by the Board of Directors composed of seven members elected by the ordinary general assembly through cumulative secret ballot for a period of three years.
The Board of Directors elect the Chairman and the Vice Chairman from among its members, taking into consideration, not to combine the position of the Chairman of the Board of Directors and the position of the Managing Director.

The Company amended the Articles of Association in accordance with Federal Law No. 2/2015 regarding commercial companies, and its amendments. An Audit Committee, Nomination and Remuneration Committee and Insider transaction Supervision Committee have been established.

An Internal Control Department has been set up to perform internal control and risk assessment in relation to key operating entities based on the COSO framework.

The Board has established and approved Policies and Guidelines for achieving robust Corporate Governance Standards as follows:

- Code of Business Conduct to guide the conduct of Directors and Employees and prevent any influence on the employees' independence and objectivity addressing matters such as conflict of interest and integrity, gifts and confidentiality.
- An appropriate Delegation of Authority to ensure efficient and effective decision-making which balances empowerment against controls.
- The Board of Directors nominate the external auditor on the recommendation of the Audit Committee. The appointment and fees have been determined by the Company's General Assembly resolution.
- An invitation was made to all shareholders to attend the General Assembly meeting through announcement in two local daily newspapers published in Arabic, and through registered letters, 15 (fifteen) days before the scheduled date.
- The announcement of the invitation was included on the Agenda and the Financial Statement and Corporate Governance Report were presented on the website of Abu Dhabi Securities Exchange and the Company's website.

3. The Board of Directors and Executive Management Transactions in Securities

Transactions report of the members of the Board of Directors, their spouses and their children in the Company's securities during the year 2019:

S. No.	Name	Position/Kinship	Owned shares as on 01/01/2019	Total Purchase	Total sale	Owned shares as on 31/12/2019
1	**Mr. Nader Ahmed Al Hammadi**	Chairman	Nil	Nil	Nil	Nil
2	**Mr. Hamad Khalfan Al Shamsi**	Vice Chairman	Nil	1,000,000	Nil	1,000,000
3	**Mr. Syed Basar Shueb**	Member & Managing Director	Nil	Nil	Nil	Nil
4	**Mr. Hamad Salem Al Ameri**	Member	Nil	Nil	Nil	Nil
5	**Ms. Elham Abdel Ghafoor Al Qasim**	Member	Nil	Nil	Nil	Nil
6	**Mr. Laith Bin Jerry Al Fraih**	Member	Nil	Nil	Nil	Nil
7	**Mr. Khalifa Yousef Khouri**	Member	Nil	Nil	Nil	Nil

Transactions report of the members of the Board of Directors resigned during the year 2019, and their spouses and their children in the Company's securities:

S. No.	Name	Position/ Kinship	Owned shares as on 01/01/2019	Total Purchase	Total sale	Owned shares as on 31/12/2019
1	**Mr. Hamad Abdulla Al Shamsi**	Chairman	388,680	Nil	388,000	680
2	**Mr. Adel Hassan Al Nowais**	Board Member	30,000	Nil	30,000	Nil

Transactions report of the Executive Management, their spouses and their children in the Company's securities during the year 2019:

S. No.	Name	Position/Kinship	Owned shares as on 01/01/2019	Total Purchase	Total sale	Owned shares as on 31/12/2019
1	**Muhammad Zafar**	General Manager (PAL Cooling Holding)	Nil	150,000	50,000	100,000
2	**Fazal Ameen**	General Manger (Zee Stores LLC)	Nil	230,000	Nil	230,000

3.1 Rules and Procedures Governing the Transactions of Company Shares

The rules and procedures governing the transactions of the Board of Directors of the Company and its employees in securities issued by the parent Company or its affiliates or sister companies.

a) The Company and its Board of Directors, Managers and employees shall abide by the resolution of the Authorities' Management Board of Directors No. (2)/2001 regarding the special system for trading, clearing, settlement, transfer of ownership and custody of securities.

b) The Chairman and the members of the Board of Directors, directors and employees of the Company shall be prohibited from exploiting their company internal information to purchase or sell shares in the Market, and any transactions thereof shall be considered null and void.

c) The Chairman, members of the Board of Directors of the Company, its General Managers or any of the employees who are familiar with the basic data of the company may not act on their own or through others by dealing in the securities of the company itself or that of the parent company or affiliate or sister company during the following periods:

- Ten (10) business days before the announcement of any material information that would affect the price of the share up or down, unless the information is the result of abrupt and sudden events.
- Fifteen (15) days prior to the end of the quarterly, semi-annual and annual financial periods and until disclosure of its Financial Statements.

Considerations of the provisions of the law shall be taken, when the above-mentioned persons take action by themselves or through others to deal in the securities of the company itself or that of the parent company, affiliate or subsidiary or sister company, and any transaction contrary thereto shall be null and void.

In addition to the Board of Directors' commitment to ADX regulations relating to organization of transactions of the members of the listed companies' management, board of directors and other inside traders.

A. The extent to which the Board members are committed to comply with disclosure requirements prescribed by the provisions of the Law and the regulations and decisions issued pursuant thereto in respect of their transactions in securities.

Members of the Board of Directors have complied with the disclosure requirements prescribed by the provisions of the law, regulations and decisions issued pursuant thereto in respect of their transactions in securities issued by the Company.

4. Board of Directors Composition

Board of Directors	Role	Category	Member Since
Mr. Nader Ahmed Al Hammadi	Chairman	Independent, non-executive	2011
Mr. Hamad Khalfan Al Shamsi	Vice Chairman	Independent, non-executive	2008
Mr. Syed Basar Shueb	Member & Managing Director	Non - independent, executive	2019
Mr. Hamad Salem Al Ameri	Member	Independent, non-executive	2017
Ms. Elham Abdel Ghafoor Al Qasim	Member	Independent, non-executive	2019
Mr. Laith Bin Jerry Al Fraih	Member	Independent, non-executive	2011
Mr. Khalifa Yousef Khouri	Member	Independent, non-executive	2019

The table below shows the names, roles and capacities of the members in the Company's Board and its Committees whose term ended during the year 2019.

S. No.	Name	Role	Category	Duration as Member Board of Directors
1.	**Mr. Hamad Abdullah Rashid Obeid Al Shamsi**	Chairman-Board of Directors	Independent-non-executive	Since 2005 till 09/07/2019
2.	**Mr. Adel Hassan Al Nowais**	Member Nomination and Remuneration Committee	Independent–non executive	Since 2005 till 09/07/2019
3.	**Mr. Abdur-Raheem Mungrue**	Member Nomination and Remuneration Committee Member Audit Committee	Independent-non-executive	From April,2017 till 09/07/2019

The table below shows the names, roles and capacities of the members in the Company's Board and its Committees who were elected at the Annual General Meeting held on 29/07/2019 for a term of three years.

S. No.	Name	Role	Category
1.	**Mr. Syed Basar Shueb**	Member & Managing Director	Non – independent - executive
2.	**Ms. Elham Abdel Ghafoor Al Qasim**	Member	Independent–non-executive
3.	**Mr. Khalifa Yousef Khouri**	Vice Chairman Nomination and Remuneration Committee	Independent-non-executive

The Board of Directors Membership and Positions in Other Companies / Establishments

The table below shows the names, roles, experience and capacities of the current Board of Directors.

Nader Ahmed Al Hammadi
Title: Chairman
Category: Independent – Non-executive

Join Group: 27.4.2011
Vice-Chairman: 07.5.2014
Acting Chairman Since: 09.07.2019
Chairman Since: 29.07.2019

SKILLS AND EXPERIENCE	Nader Al Hammadi is the current Managing Director & CEO of Presidential Flight. He joined the company in 1996 as the Manager of Materials & Supplies Division. In 2001, he was promoted to Vice President Maintenance & Engineering where he actively participated in the purchase and sale of most of Presidential Flight aircraft. In 2007, he was appointed as the Deputy Chief Executive Officer. He began his professional career in 1990 at Abu Dhabi Aircraft Technologies (ADAT), the largest third-party provider of Commercial Aviation Services in the Middle East. He held several posts in his steady career growth and was also instrumental in the establishment of GAMAERO, a joint venture between Gamco and Aerospatiale where he served as its Executive Director.
OTHER POSITIONS CURRENTLY HELD	**Board Directorships:** 1. Chairman – Abu Dhabi Aviation 2. Chairman – Tamouh Investments 3. Board Member – Royal Jet 4. Board Member – Maximus Air 5. Board Member – Waha Capital 6. Board Member – Abu Dhabi Airports 7. Committee Member – Aviation Sector Development Committee
EDUCATIONAL BACKGROUND	• Holds a post graduate degree in Engineering Business Management from Warwick University in London, UK in 2002, and a Bachelor of Science in Aviation degree in Aviation Electronics (Avionics) from Embry Riddle Aeronautical University in Florida, USA in 1990. • He also participated in the “Advanced Management Programme” held at INSEAD in Fontainebleau, France in March 2007.

Hamad Khlfan Al Shamsi
Title: Vice-Chairman
Category: Independent – Non-executive

Join Group: 2008
Board Member Since:2008
Vice-Chairman Since: 29.07.2019
Vice Chairman Audit Committee: 29.07.2019

SKILLS AND EXPERIENCE	• He is a General Manager at The Private Affairs Department of HH Sheikha Fatima Bint Mubarak. • Businessman having investments in various industries.
OTHER POSITIONS CURRENTLY HELD	**Board Directorships:** 1. Member – Trojan General Contracting LLC 2. Chairman – Zee Stores 3. Board Member – Ishraq Properties Co. 4. Chairman – Al Yasat Catering & Restaurant Supplies LLC 5. Chairman – Pal Computers LLC 6. Member – Al Jaraf Travel & Tourism LLC 7. Member – Hi-Tech Concrete Products LLC 8. Chairman – Tafawuq Facilities Management LLC 9. Member – Pal Group for Companies LLC 10. Chairman – Al Sdeirah Real Estate Investment LLC 11. Chairman – Royal Architect Project Management LLC 12. Chairman – Fabulous Abu Dhabi Hotel Management LLC 13. Member – Nshmi Development 14. Member – Real Estate Investment & Services Co. LLC - REISCO
EDUCATIONAL BACKGROUND	He holds a Technical Diploma from Armed Forces, Abu Dhabi – 1996

The Board of Directors Membership and Positions in Other Companies / Establishments *Continued*

Syed Basar Shueb

Title: Board Member & Managing Director
Category: Executive Member/Non-Independent

Join Group: 29.07.2019
Board Member & Managing Director Since: 29.07.2019

SKILLS AND EXPERIENCE

An accomplished Senior Executive with substantial and diversified experience in the process, manufacturing, construction and service industries. Basar has broad-based abilities in operations and administration, strategic and tactical planning, budgeting, financial analysis and cost management, profit modelling, contracts, sales administration, maintenance and quality management systems (ISO).
Exceptional at problem-solving, goal setting, creating cohesive and focused business units, project management, continuous improvement, motivation and team building, decisive leadership in high risk (turnaround) settings, and creating and growing a profitable bottom line.
Mr. Syed Basar is also the founder of 'District Cooling', which was established back in 2006, and is today one of the key players in the UAE's Utilities services sector. He has also been working closely with the Royal Group since the year 2000.

OTHER POSITIONS CURRENTLY HELD

Board Directorships:

1.	Group Chief Executive Officer	PAL Group of Companies (a subsidiary of Abu Dhabi-based Royal Group)
2.	Director	Reem Finance PJSC
3.	Chairman / Managing Director	Chimera Investments LLC
4.	Board Member	Keyhole TIG (K-TIG) Limited

Previous Executive Positions:

1.	Macquaire Capital Middle East LLC (UAE)	Licensed Director
2.	AGILIGHT INC	Director
3.	HI-TECH Trading Limited	Director

EDUCATIONAL BACKGROUND

Mr. Syed Basar holds a Bachelor of Science in Computer Engineering degree from Near East University, Nicosia, Turkish Republic of Northern Cyprus. (Year 1994 to 1998)

Hamad Salem Al Ameri

Title: Board Member
Category: Independent – Non-executive

Join Group Since: 2017
Board Member Since: 27.04.2017
Nomination & Remuneration Committee Member: 27.04.2017
Chairman Nomination & Remuneration Committee:29.07.2019

SKILLS AND EXPERIENCE

Engr. Hamad Salem Al Ameri rose from the ranks and currently holds managerial and directorial positions in various companies with dealings in key industries such as real estate development, international investments and finance, manufacturing, commercial and retail sector, hospitality, technology, and media. He is responsible for improving efficiencies and streamlining processes within the corporate group and for consolidation of resources among related companies to attain economies of scale and optimum productivity.

OTHER POSITIONS CURRENTLY HELD

Board Directorships:

1.	Vice Chairman & Managing Director	Trojan Holding Ltd
2.	Board Member	Tamouh Investments
3.	Board Member	ALDAR Properties PJSC
4.	Board Member	Al Reem Building Materials
5.	Board Member	Al Jazeera Technical Solutions
6.	Board Member	Royal Development Company (RDC)
7.	Board Member	Eltizam Assets Management State LLC

EDUCATIONAL BACKGROUND

- He holds a Bachelor's Degree in Civil Engineering from the American University of Dubai.
- He Holds a Master's Degree in Business Administration from the Canadian University in Dubai.

The Board of Directors Membership and Positions in Other Companies / Establishments *Continued*

Elham Abdulghafoor Al Qasim

Title: Board Member
Category: Independent/Non-Executive

Joined Group: 29.07.2019
Board Member Since: 29.07.2019

SKILLS AND EXPERIENCE

Elham Al Qasim serves as Digital14's Chief Executive Officer, steering the organization's strategic direction, and leading over 1,000 staff in their purpose-driven work to deliver trust in digital so that clients can innovate and fulfil their potential.

More recently, Elham served as CEO of Abu Dhabi Investment Office (ADIO) and Executive Director of the Ghadan 21 programme at the Abu Dhabi Executive Office where she led the strategic planning for the Government's three-year, AED 50 bn investment programme aimed at accelerating Abu Dhabi's economy.

Prior to this, Elham was a Director of Mubadala Investment Company, focusing on Mubadala's Technology and Industry portfolio. Her responsibilities included building investment/entry strategy, business development, value creation, and post-acquisition asset management in sectors including Metals & Mining, Semiconductors, and Technology.

Elham's international career includes JPMorgan Investment Bank, where she was part of the Global Diversified Industrials Team based in London handling M&A transactions in chemicals, metals and mining, and infrastructure.

OTHER POSITIONS CURRENTLY HELD

Board Directorships:

1.	Board Member	Amanat Holdings PJSC
2.	Board Member	Khalifa Fund

Previous Executive Positions:

1.	EVP, Human Capital	Emirates Global Aluminum
2.	Director; Technology, Manufacturing & Mining	Mubadala Investment Company
3.	Board Member	Global Foundries
4.	Member of Audit and Risk Committee	Global Foundries
5.	Member of People and Remuneration Committee	Global Foundries
6.	Member of Human Capital Committee	Emirates Global Aluminum
7.	Member of Board	SKH Power – Algeria

EDUCATIONAL BACKGROUND

- Elham holds an MSc from the School of Social Policy at the London School of Economics and a Bachelor of Business from the American University in Dubai.

Laith Jerry Al Fraih

Title: Board Member
Category: Independent – Non-executive

Join Group In:2011
Board Member Since: 13.04.2011
Chairman of Audit Committee: Since 2011
Member of Remuneration & Nomination Committee Since: 29.07.2019

SKILLS AND EXPERIENCE

He is a Certified Public Accountant (CPA) professional with over 30 years' experience in the field of Finance, Accounting, Auditing and Real Estate development. He also has extensive experience in Oil and Gas operations, Commercial cycles, IT system implementations and human capital Management. He served in various key management positions in Abu Dhabi National Oil Company (ADNOC), as Chief Financial Officer in International Capital Trading LLC and as executive director of Internal Audit at Mubadala Investment Company. He also serves on several Boards and Board committees including Audit committees and Board advisory committees.

OTHER POSITIONS CURRENTLY HELD

Current Board Directorships:

1.	Audit Committee member	Abu Dhabi National Oil Company (ADNOC)
2.	Audit Committee member	Abu Dhabi Securities Exchange
3.	Audit Committee member	Amanat Holding

Previous Executive Positions:

1.	Executive Director for Internal Audit	Mubadala
3.	Member of Audit and Risk Committee	Twofour54
4.	Member of Audit and Risk Committee	Global Foundries
5.	Member of Internal Auditing Committee	Department of Municipal Affairs
6.	Member of Audit and Risk Committee	Emirates Global Aluminum
7.	Member of Audit, Risk & Compliance Committee	Mubadala
8.	Member of Audit and Risk Committee	Emirates Nuclear Energy Corporation (ENEC)

Prior to joining Mubadala, Laith served in various key management positions at Abu Dhabi National Oil Company (ADNOC) before his most recent position as Chief Financial Officer of International Capital Trading

EDUCATIONAL BACKGROUND

- He holds a Bachelor of Finance and Accounting Degree from UK.
- He Holds a CPA "Certified Public Accountant" from USA.

The Board of Directors Membership and Positions in Other Companies / Establishments *Continued*

Khalifa Yousif Khouri
Title: Board Member
Category: Independent/Non-Executive

Join Group: 29.07.2019
Board Member Since: 29.07.2019
Vice Chairman Nomination & Remuneration Committee: 29.07.2019

SKILLS AND EXPERIENCE	Mr. Khalifa has sound leadership skills and is a dynamic business founder in many sectors and as an Accredited investor for the past 20 years with Board respresentation in Public and Private Joint Stock Companies, in addition to being a nominated representative for some Private Family wealth managemnt committees. Coming with a range of experiences in leading and managing institutions in various sectors; such as General investments, Media, Trading, Services, Manufacturing, Real Estate, Building Material, Oil & Gas and others. In which he played an active leadership role in large transactions of Merges & Acquisitions, bond issuance and taking companies public.
OTHER POSITIONS CURRENTLY HELD	**Board Directorships:** 1. Vice Chairman – Ras Al Khaimah Cement Company PJSC 2. Board Member – Abu Dhabi Aviation PJSC 3. Board Member – Takaful Emarat Insurance PSC 4. Vice Chairman – Al Qudra Holding 5. Vice Chairman – UAE Padel Tennis Association 6. Board Member – Abu Dhabi Industrial Projects Co. 7. Board Member – Sawaeed Holdings 8. Board Member – Growth Gate Capital Corporation 9. Board of Trustees – Al Ain University of Science and Technology
EDUCATIONAL BACKGROUND	• Khalifa completed his Master of Business Administration (MBA) from THE GRAND CANYON UNIVERSITY - USA in 1997.

5. Statement of Women's representation in the Board of Directors in 2019

It is worth mentioning here that company puts continuous efforts to ensure female representation in all aspects of its business including its Board, hence a female director was elected in the Company's Board of Directors bringing the female percentage in the Board to more than 14% of the total number of the Board Members.

6. The Board of Directors Other Statements

6.1 Method of Determining the Remunerations of Board of Directors

The Board of Directors' remuneration shall be set forth in the Articles of Association of the Company, subject to the provisions of Federal Law No. (2)/2015 regarding commercial companies. The remuneration of the members of the Board of Directors shall consist of a percentage of the net profit.

The Company may also pay additional expenses or fees or monthly salary to the extent determined by the Board of Directors for any of its members, if this member is working in any committee, or exerts exceptional efforts or performs additional work to serve the company, beyond his or her normal duties as a member of the Board of Directors of the company. In all cases, directors' remuneration should not exceed 10% of the net profit after deducting depreciation and reserve.

6.2 Total Remunerations Paid to the Members of Board of Directors in 2019

During the year 2019, a total remuneration of AED 400,000/= has been paid to the Board of Directors as an attendance fees for the year 2018.

The Board of Directors proposed total remunerations for the year 2019 amounted to AED 3,500,000/=, subject to the discussion and approval during the Annual General Meeting to be held in 2020.

7. The Board Meetings

The Board of Directors had convened eight meetings during fiscal year 2019, as follows:

S. No.	Meeting Date	Attendance	Proxy	Absent	Names of Absent Members
1.	January 20th 2019	6	1	-	Laith Jerry AlFraih
2.	January 27th 2019	6	1	-	Hamad Salem Al Ameri
3.	March 12th 2019	6	1	-	Nader Ahmed AlHammadi
4.	May 13th 2019	7	-	-	-
5.	July 8th 2019	5	2	-	Hamad Khalfan AlShamsi Abdur Raheem Mungrue
6.	July 29th 2019	6 (3 via Con-call)	1	1	Laith Jerry AlFraih
7.	September 18th 2019	7	-	-	-
8.	November 12th 2019	7	-	-	-

Below details of Board meetings attendance during the year 2019 as follows:

Board of Directors	No. of Absence/ No. of Meetings	First Meeting 20/1/19	Second Meeting 27/1/19	Third Meeting 12/3/19	Fourth Meeting 13/5/19	Fifth Meeting 8/7/19	Sixth Meeting 29/7/19	Seventh Meeting 18/9/19	Eighth Meeting 12/11/19
Mr. Hamad Abdulla Al Shamsi	-	✔	✔	✔	✔	✔	Resigned	Resigned	Resigned
Mr. Nader Ahmad Al Hammadi	-	✔	✔	Proxy to Mr. Hamad Abdulla Al Shamsi	✔	✔	✔	✔	✔
Mr. Hamad Salem Al Ameri	-	✔	Proxy to Mr. Hamad Abdulla Al Shamsi	✔	✔	✔	✔	✔	✔
Mr. Adel Hassan Al Nowais	-	✔	✔	✔	✔	✔	Resigned	Resigned	Resigned
Mr. Hamad Khalfan Al Shamsi	-	✔	✔	✔	✔	Proxy to Mr. Hamad Abdulla Al Shamsi	✔	✔	✔
Mr. Laith Bin Jerry Al Fraih	1	Proxy to Mr. Hamad Abdulla Al Shamsi	✔	✔	✔	✔	x	✔	✔
Mr. Abdur-Raheem Mungrue	-	✔	✔	✔	✔	Proxy to Mr. Nader Al Hammadi	Resigned	Resigned	Resigned
Mr. Syed Basar Shueb	-	N/A	N/A	N/A	N/A	N/A	✔	✔	✔
Ms. Elham Abdel Ghafoor Al Qasim	-	N/A	N/A	N/A	N/A	N/A	✔	✔	✔
Mr. Khalifa Yousef Khouri	-	N/A	N/A	N/A	N/A	N/A	✔	✔	✔

N/A indicates that a board member was not a member of the Board of Directors at the time of meeting.

8. Summary of Board Resolutions Passed During 2019

Decisions disclosed in the Market during the year 2019:

- The Board of Directors approved by circulation the full acquisition of Shuaa Securities' shares and this was publicly disclosed to the Market and the Authority on 8th September 2019.
- The Board of Directors approved by circulation the acquisition of 100% shares of Trust International Group LLC and this was publicly disclosed to the Market and the Authority on 16 December 2019.
- The Board of Directors approved by circulation the acquisition of all the shares of Al Ajban Fodders Factory LLC & Al Ajban Poultry LLC and this was publicly disclosed to the Market and the Authority on 16 December 2019.
- The Board of Directors resolved to initiate the talks on the partial acquisition of Pure Health Medical Supplies LLC, and publicly disclosed to Market and the Authority through the results of the Board Meeting held on 12 November 2019.

Decisions that was not disclosed in the Market during the year 2019:

- The Board of Directors approved by circulation an equity contribution of AED 42,790,000 to the subsidiary, Asmak Holding Company for the purpose of:
- The completion of establishment of a food factory in Dubai Industrial City (DIC)
- Implementing the new ERP system (SAP).

9. Responsibilities Assigned to the Executive Management

The Board of Directors and Executive Management, represented by the Managing Director and Chief Executive Officer (Food Division), have been designated to perform the functions as per following authorization:

S. No.	Name of Authorized Person	Capacity of Authorization	Period of Authorization
1	Members Board of Directors	Members Board of Directors authorized Deputy Chairman of the Board Mr. Nader Ahmed Al Hammadi to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public.	From 09/07/2019 till 3 years (Note: This POA is not valid anymore)
2	Members Board of Directors	Members Board of Directors authorized Chairman of the Board Mr. Nader Ahmed Al Hammadi to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public.	From 22/09/2019 till 21/09/2022
3	Mr. Nader Ahmed Al Hammadi	Chairman of the Board of Directors authorized company's Food Division CEO Mr. Mamoon Abdullah Ali Othman to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public.	From 23/09/2019 till 21/09/2022
4	Mr. Nader Ahmed Al Hammadi	Chairman of the Board of Directors authorized company's Managing Director Mr. Syed Basar Shueb to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public.	From 13/11/2019 till 21/09/2022
5	Mr. Nader Ahmed Al Hammadi	Chairman of the Board of Directors authorized Deputy Chairman of the Board Mr. Hamad Khalfan Al Shamsi to execute and perform set of disposals related to the company and its subsidiaries and this power of attorney was attested by the notary public.	From 16/12/2019 till 13/01/2020

10. Related Parties Transactions

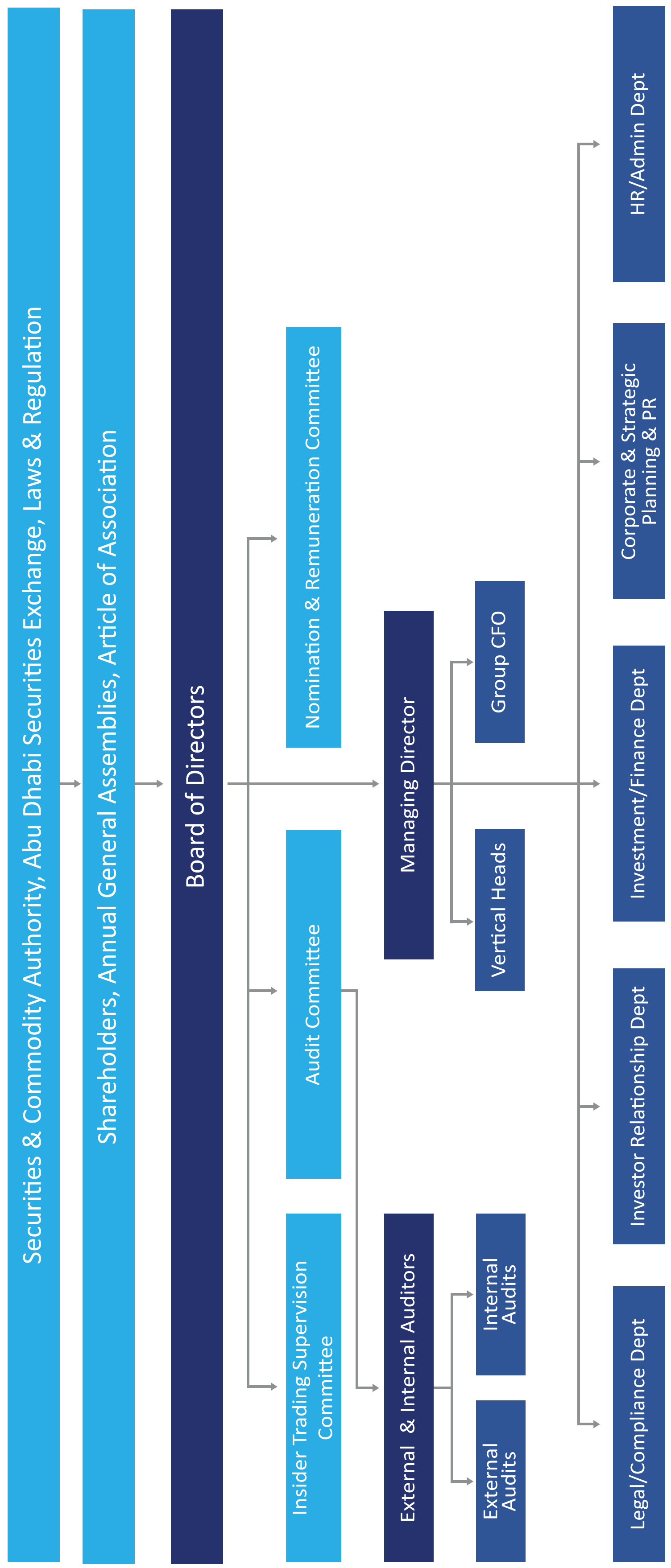
Summary of related parties major transactions above (AED 1,000,000/=) during the year 2019:

S. No.	Description	Consolidated (Amount AED)
AMOUNTS DUE FROM RELATED PARTIES (Relationship: Associates related to major shareholder)		
1	International Golden Company LLC	8,110,416
2	PAL Group of Companies LLC	3,305,697
3	Pal Technology Services LLC	34,306,000
4	Meena Holdings LLC	6,465,000
5	RG Procurement RSC LTD	15,170,000
6	Three 60 Estate Management	3,463,000
7	AFKAR Financial & Property Investment LLC	21,765,000
8	Paragon Mall LLC	1,169,000
9	Royal Group - Corporate Office	1,582,000
10	Meena Palace	25,751,788
11	Al Yasat Catering and Restaurant Supplies LLC	4,542,435

S. No.	Description	Consolidated (Amount AED)
AMOUNTS DUE TO RELATED PARTIES (Relationship: Associates related to major shareholder)		
1	Trojan General Contracting LLC	27,415,454
2	National Projects and Construction LLC	9,743,383
3	Al Maha Modular Industries LLC	6,512,347
4	Royal Group Management LLC	2,610,553
5	Pal Technology Services LLC	10,045,209
6	Al Tamouh Investments Company LLC	15,673,061
7	Al Jaraf Travel & Tourism	1,120,923
8	Royal Group Procurement RSC LTD	1,478,155

S. No.	Description	Consolidated (Amount AED)
1	Loan to related party	1,200,000

11.Organizational Chart



12. Executive Management

The following chart showing senior executives in the Company, their designations, appointment dates and total salaries, allowances & bonuses paid to them during the year 2019:

Position	Appointment Date	Total salaries and allowances paid during the year 2019 – in dirham	Total bonuses paid during the year 2019 – in dirham	Any other bonuses to be paid in the future for the year 2019 – in dirham
Executive Board Member and Managing Director	29/07/2019	1,448,442/=	Not Yet Proposed	-
Group CFO	10/06/2018	1,032,840/=	Not Yet Proposed	-
CEO (Food Division)	01/04/2012	1,700,851/=	Not Yet Proposed	-
Chief Operating Officer (ESPL Group)	27/05/2006	934,110/=	Not Yet Proposed	-
General Manager Alliance Foods Company	18/10/2017	1,197,976/=	Not Yet Proposed	-
General Manager (PAL Cooling Holding)	30/06/2019	523,188/=	Not Yet Proposed	-
CEO (Animal Feed Business)	01/07/2018	780,000/=	Not Yet Proposed	-
CEO (Shuaa Securities)	01/11/2019	162,634/=	Not Yet Proposed	-
General Manger (Zee Store)	01/11/2019	129,224/=	Not Yet Proposed	-
General Manger (Palms Sports)	01/11/2019	264,999/=	Not Yet Proposed	-
Managing Director (Cine Royal)	01/11/2019	153,480/=	Not Yet Proposed	-
CEO (Trust International)	01/11/2019	241,210/=	Not Yet Proposed	-
Production Manager (Al Ajban Poultry)	01/11/2019	60,000/=	Not Yet Proposed	-

13. External Auditor

13.1 Brief About the Company's External Auditor

Ernst & Young (EY) was appointed as the company's External Auditor for the fiscal year 2019.
Ernest & Young (EY) has people and operations in more than 150 countries, which are organized into three Areas – Americas, Asia-Pacific and EMEIA – and further divided into Regions.
It has been in the MENA region for more than 90 years, and in UAE since 1966. All their people work in one of their service lines – Assurance, Advisory, Tax, Transaction Advisory Services (TAS) – or in Core Business Services (CBS) which provides internal operational support such as HR and EY Technology.

13.2 List of Services Provided by the Company's External Auditor

The General Assembly held in April 2019 decided to appoint Ernest & Young (E&Y) to perform external audit of the Company and its subsidiaries for the year 2019. Their fees were set at AED 625,000/=, including quarterly review fees (within the United Arab Emirates and Saudi Arabia).

The scope of the Audit for the financial year 2019 is as follows:

1. Provide an audit opinion on the Annual Consolidated Financial Statements in accordance with International Financial Reporting Standards.

2. Provide an audit opinion on the Financial Statements of all subsidiaries of the company in accordance with International Financial Reporting Standards; and

3. Provide a review of Quarterly Interim Condensed Consolidated Financial Statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Name of the Audit Office and Partner Auditor	**Ernst & Young (Engagement Partner Mr. Raed Ahmed)**
Number of years served as an External Auditor for the Company	One Year
Total fees for auditing the Financial Statements of 2019	AED 625,000/=
The fees and costs of the special services other than the auditing of the Financial Statements in 2019.	AED 35,000/=
The details and nature of other services provided.	Review of accounting method for PAL transactions.
Deloitte total audit fees for the (IHC subsidiaries)	AED 423,000/=

13.3 Summary of Services Provided by Other External Auditors

Company's Name	Amount (AED)	Services Provided
ERNST & YOUNG CORPORATE FINANCE LTD.	1,156,706/=	Provide financials advice for the expansion plans.
DELOITTE PROFESSIONAL SERVICE (DIFC) LIMITED	291,321/=	Provide purchase price allocation service for acquisition.
Ardent Advisory	416,381/=	Provide internal audit and financial due diligence, valuation, Tax Due Diligence services.
PRICEWATERHOUSE COOPERS (PWC)	193,751/=	Provide financial due diligence services for expansion plans.
Kreston Me Consulting	158,151/=	Provide purchase price allocation service for acquisition.

The Company's external auditor did not have any reservations on any item of the Interim and Annual Financial Statements during 2019.

14. Board of Directors Committees

14.1 Audit Committee

Audit Committee Chairman's Acknowledgment

Mr. Laith Jerry Al Fraih (Chairman Audit Committee) acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

Members of Audit Committee for the period prior to 29/07/2019

S. No.	Name	Title	Category
1	Mr. Laith Jerry Al Fraih	Chairman	Non-Executive/Independent
2	Mr. Hamad Khalfan Al Shamsi	Vice Chairman	Non-Executive/Independent
3	Mr. Abdur-Raheem Mungrue	Member	Non-Executive/Independent

Members of Audit Committee as of 29/07/2019

S. No.	Name	Title	Category
1	Mr. Laith Jerry Al Fraih	Chairman	Non-Executive/Independent
2	Mr. Hamad Khalfan Al Shamsi	Vice Chairman	Non-Executive/Independent
3	Mr. Hamad Salem Mohamed Saeed AlAmeri	Member	Non-Executive/Independent

Audit Committee Functions

- Review Policies, Financial and Accounting Procedures of the Company.
- Monitor the integrity of the company's Financial Statements and Reports (annual, semi- annual and quarterly) and review them as part of its normal work during the year, and should particularly focus on the following:
- Any changes in Accounting Policies and Practices.
- Highlight areas subjugated to management's discretion.
- Substantial adjustments resulting from the Audit.
- Assuming continuity of business.
- Compliance with Accounting Standards determined by the Authority.
- Compliance with Management and disclosure rules and other legal requirements related to the preparation of Financial Reports.
- Coordinating with the Company's Board of Directors, Senior Executive Management, Financial Director and the existing Manager with the same tasks in the company in order to perform its duties.
- Consider any important and unusual items that should be included in such reports and accounts and shall give due attention to any matters raised by the CFO of the company, the Manager with the same functions, the Compliance Officer or the Auditor.
- The Board of Directors has issued a recommendation on the selection or resignation of the Auditor. If the Board of Directors does not approve the recommendations of the Audit Committee, the Board of Directors should include in its report a statement explaining the recommendations of the Audit Committee and the reasons for the Board of Directors, not to adopt it.
- Develop and apply the contracting policy with the Auditor and submit a report to the Board of Directors, identifying issues it considers important to take action about, recommending necessary steps to be taken.
- Ensure that the Auditor fulfils the conditions stipulated in the laws, regulations and decisions in force and the Company's Articles of Association, following up and monitoring his independence.

- Meeting with the company's Auditor without the attendance of any of the Senior Executive Management or its representatives, at least once a year, and discuss the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
- Investigate all matters relating to the Auditor's work, his work plan and correspondence with the company, his observations, suggestions and reservations, and any material questions raised by the Auditor to Senior Executive Management, regarding the accounting records, financial accounts or control systems, and follow up the response of the company management, providing necessary facilities to carry out his work.
- Ensuring that the Board of Directors responds in a timely manner to the clarifications and material issues raised in the Auditor's letter.
- Review and evaluate the Company's Internal Control and Risk Management Systems.
- Discuss the internal control system with the Board of Directors and ensure that it fulfils its duty to establish an effective Internal Control System.
- Consider the results of the main investigations in the internal control matters assigned to them by the Board of Directors or are initiated by the Committee and approved by the Board of Directors.
- Review the Auditor's Assessment of the Internal Control Procedures and ensure that there is coordination between the Internal Auditor and the External Auditor.
- Ensure that resources are available for Internal Control Management and to review and monitor the effectiveness of this Department.
- Studying internal control reports and following up the implementation of the corrective measures of the observations contained therein.
- Establish controls that enable company employees to report any potential irregularities in Financial Reports, Internal Controls or other matters in secret, and steps to ensure independent and fair investigations of such violations.
- Monitor the company's compliance with the Code of Professional Conduct.
- Review the transactions of related parties with the company and ensure that there is no conflict of interest and recommend them to the Board of Directors before they are concluded.
- Ensure implementation of the work rules related to its functions and powers entrusted to it by the Board of Directors.
- Present reports and recommendations to the Governing Council on the above issues mentioned in this Article.
- Consider any other topics determined by the Board of Directors.

Audit Committee Meetings During the Year 2019

Audit Committee Members	No. of absence/ No. of Meetings	First Meeting 12/3/2019	Second Meeting 13/5/2019	Third Meeting 07/08/2019	Fourth Meeting 12/11/2019
Mr. Laith Jerry Al Fraih	-	✔	✔	✔	✔
Mr. Hamad Khalfan Al Shamsi	-	✔	✔	✔	✔
Mr. Abdur-Raheem Mungrue	-	✔	✔	Resigned	Resigned
Mr. Hamad Salem Mohamed Saeed AlAmeri	-	Was not on the Audit Committee membership	Was not on the Audit Committee membership	✔	✔

14.2 Nominations and Remunerations Committee

Nominations and Remunerations Committee Chairman's Acknowledgment

Mr. Hamad Salem Al Ameri (Chairman Nominations and Remunerations Committee) acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.
Members of Nomination and Remuneration Committee for the period prior to 29/7/2019

S. No.	Name	Title	Category
1	Mr. Adel Hassan Al Nowais	Member	Non-Executive/Independent
2	Mr. Hamad Salem Al Ameri	Member	Non-Executive/Independent
3	Mr. Abdur-Raheem Mungrue	Member	Non-Executive/Independent

Members of Nomination and Remuneration Committee for the period as of 29/7/2019

S. No.	Name	Title	Category
1	Mr. Hamad Salem Al Ameri	Chairman	Non-Executive/Independent
2	Mr. Khalifa Yousef Khouri	Vice Chairman	Non-Executive/Independent
3	Mr. Laith Jerry Al Fraih	Member	Non-Executive/Independent

Committee Functions

- To establish a policy on membership candidacy for the Board of Directors and Executive Management, which aims at taking into account gender diversity within the formation and encouraging women through motivations and incentive programs and providing the Authority with a copy of this policy and any amendments thereto.
- Organizing and following up the procedures for nomination to the Board of Directors in accordance with the applicable laws and regulations and the provisions of this resolution.
- Ensure continuous independence of independent members.
- If the Committee finds that a member has lost the conditions of independence, it must submit the matter to the Board to notify the member of a registered letter to the company's fixed address for reasons of non-independence. The member must respond to the Board within fifteen days from the date of notification. The member is independent or not independent at the first meeting following the member's reply or the expiration of the period referred to in the preceding item without a reply.
- Subject to the provisions of Federal Law No. 2 of 2015 and the corporate governance procedures issued by Resolution 7 (R.M) of 2016, if the Board of Directors' decision to deny the reasons or justifications for the independence of the Member has an effect on the minimum percentage required of its independent members, If the member refuses to submit the resignation, the board of directors shall submit the matter to the General Assembly for a decision to approve the appointment of another member or to open the door for the election of a new member.
- To prepare the policy for the granting of bonuses, benefits, incentives and salaries for the members of the Board of Directors of the Company and its employees, and to review them on an annual basis. The Committee shall verify that the remuneration and benefits granted to the Senior Executive Management are reasonable and proportionate to the performance of the Company.

- Annual review of the required skills requirements for Board membership and preparation of a description of the capabilities and qualifications required for membership of the Board of Directors, including determining the time required to be assigned by the member to the work of the Board of Directors.
- Review the structure of the Board and make recommendations regarding possible changes.
- Identify the company's needs of competencies at the level of Senior Executive Management and employees and the bases of their selection.
- Develop and review the HR policy and training in the company, control its implementation and review it annually.
- Any other matters determined by the Board of Directors.

Committee Meeting During the Year 2019

Member of the Committee	No. of absence/ No. of Meetings	Meeting Date 28/11/2019
Mr. Hamad Salem Al Ameri	-	✔
Mr. Khalifa Yousef Khouri	01	✕
Mr. Laith Jerry Al Fraih	-	✔

14.3 Follow-Up and Insider Transaction Supervision Committee

The Board of Directors has formed a committee to manage, follow up and observe the transactions of interested persons and their property, maintain their register and submit statements and periodic reports to the market.

Follow-Up and Insider Transaction Supervision Committee Chairman's Acknowledgement

Mr. Laith Jerry Al Fraih (Chairman Follow-Up and Insider Transaction Supervision Committee) acknowledges his responsibility for the committee system in the Company, review of its work mechanism and ensuring its effectiveness.

S. No.	Member Name	Committee Position	Position according to Organizational Chart
1.	Mr. Laith Al Fraih	Committee Chairman	Chairman Audit Committee
2.	Mr. Mamoon Othman	Member	Chief Executive Officer (Food Division)
3.	Mr. Mohamed Yaser Bader	Member	CFO (ADL Group)

Committee Functions

- The Committee shall include the names of persons familiar with any data pertaining to the company that may have an effect on the price of the company's shares in the market, in a manner that ensures the highest standards of transparency and disclosure.
- The Committee shall maintain a special register recording all necessary data for the insiders and determining the period of their knowledge, the number of securities traded in the sale and purchase during the year, the dates of execution of trading operations, and other relevant data.
- The Committee shall have the right to include the name of the conversant person if he is from within the company employees or an external party.
- The Committee shall be entitled to determine the nature of the person's term of office (permanent / temporary).
- The Committee shall abide by the rules and procedures of corporate governance and discipline and all instructions and laws issued from time to time.
- An annual report shall be sent to the Board of Directors stating the names of the interested persons and the volume of their transactions in the company's securities.
- The Committee shall ensure that all persons who have expressed their wishes have made the necessary representations.

Committee Meeting During the Year 2019

S. No.	Member Name	Position in the Committee	Position according to Organizational Chart	Meeting date 23/09/2019
1.	Mr. Laith Al Fraih	Committee Chairman	Chairman Audit Committee	✔
2.	Mr. Mamoon Othman	Member	Chief Executive Officer (Food Division)	✔
3.	Mr. Mohamed Yaser Bader	Member	CFO (ADL Group)	✔

Summary of The Committee Work During the Year 2019

The committee reviewed the rules of dealing for controlling private transactions of conversant persons, reviewing the mechanism of keeping related records. In addition, the committee has taken necessary procedures to ensure the highest levels of compliance with legislation and best practice for corporate governance.

15. Internal Control System

15.1 The Board of Directors' Acknowledgement of its Responsibility for the Internal Control System and its review and effectiveness

The Board of Directors acknowledges its responsibility for the Company's internal control system and its review and effectiveness.

15.2 Internal Control Department In-charge's Profile

Mr. Ishtiaque Ahmed has assumed the role as an Internal Control Manager and Compliance Officer:(Date of appointment 18/06/2017), performing the duties of the Internal Control Department Manager, in addition to the work of compliance officer.

He holds Bachelor of Commerce, and Certified Internal Auditor (CIA) from the Institute of Internal Auditors (USA), He has more than (10) ten years of experience in accounting, and internal auditing with chartered accountant firm, commercial and contracting companies.

In order to adopt with the changing needs of the organization and to enhance assurance over internal controls and risk management, we have outsourced our internal audit function during the year 2019. Internal audit activity is performed by Ardent Advisory, reporting functionally to audit committee. The outsourced internal audit function govern itself by adherence to the institute of internal auditors' mandatory guidance including the definition of internal auditing, the code of ethics, and the international standards for the professional practice of internal auditing (Standards).

ARDENT is a UAE headquartered advisory firm, with a targeted focus on the GCC region. The firm's partners and directors bring over 100 years of cumulative advisory and investment experience in the region.

15.3 Working Mechanism of the Internal Control Department

The internal control function is established by the Board of Directors, Audit Committee. The function's responsibilities are defined by the Audit Committee as part of their oversight role.
The duties and responsibilities of the internal control function will be to provide timely feedback to the Audit Committee on matters relating to:
- Reliability and integrity of financial and operating reports.
- Effectiveness and efficiency of operations.
- Safeguarding of assets.
- Compliance with laws, regulations, directives and contractual obligations.

The Audit Committee provide instructions to the internal control function in the form of an approved internal audit plan and specific directions from time to time.

15.4 The Annual Review Includes the Following Components in Particular

- Key control elements including Financial Control, Operations and Risk Management.
- Changes since the last annual review on the nature and extent of the major risks and the Company's ability to respond to changes in its business and external environment.
- The scope and quality of the Board's ongoing control of risks, the Internal Control System and the Internal Auditor' work.
- The number of times the Board of Directors or its committees have been informed about audit work results to enable it to assess the internal control position of the Company and the effectiveness of risk management.
- Failures or weaknesses in the detected control system or unexpected contingencies which have affected or may have a material impact on the performance or financial position of the Company.
- The effectiveness of the Company's financial reporting and compliance with listing and disclosure rules.

15.5 Number of Reports Issued by Internal Control Department

During the year 2019 the Internal Control Department issued 6 reports.

16. Violations Committed by the Company During the Year 2019

No violations were recorded during 2019.

17. Statement of Cash and In-Kind Contributions

A statement of cash and in-kind contributions made by the company during the year 2019 in the development of the community and preservation of the environment.
The company sponsor the following educational expenses during the year 2019:

S. No.	Name of the Center	Emirate	Method of Sponsorship	Amount in AED
1.	Abilities Development Center for People with Disabilities	Abu Dhabi	Student Tuition Fee	30,000
2.	Rashid Center for People of Determination	Dubai	Student Annual Fee including Transportation	41,000
3.	Specialist Center for Children with Disabilities	Sharjah	Tuition Fee	25,000
			TOTAL	**96,000**

a) The company is one of the most important sponsors of the Food Security Alliance, which was established in 2015 under the auspices of the Abu Dhabi Food Control Authority.

b) Participation in Food Exhibition (Gulf food 2019) by introducing fresh, frozen and value-added products.

c) Participation in the number of seminars and lectures related to environment and sustainability.

The Company provides comprehensive Quality Management Systems and has attained the following certificates:

- Certificate of integrated management systems for Quality Management System according to the ISO 9001:2000
- Standard Certificate of Environmental Management Systems according to ISO 14001: 1996 standards.
- Health and Safety Management System Certificate according to OHSAS 18001: 1999.
- ISO 22000: 2005 - Processing, packaging and distribution of fresh and frozen seafood.
- Certificate (HACCP) 2006 - Processing, packaging and distribution of fresh and frozen seafood.
- European Union Approval for the processing and packing of seafood and fresh and frozen fish.

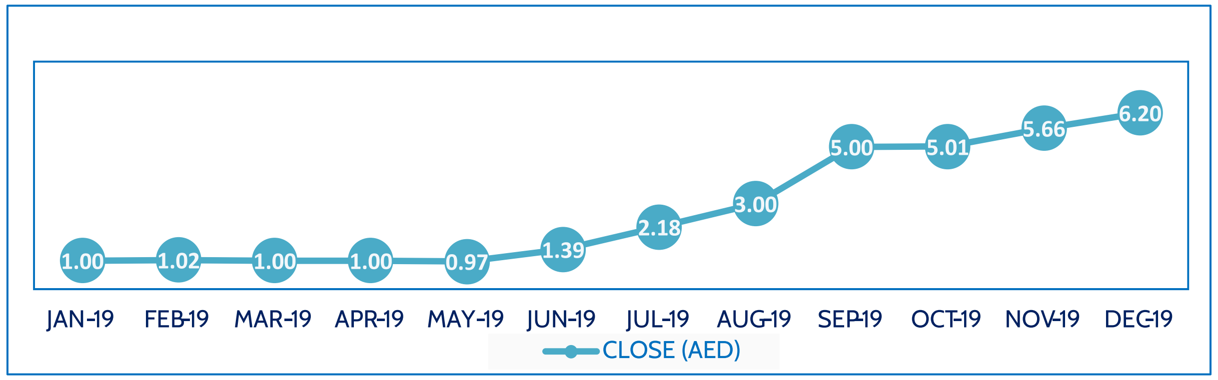
18. General Information

18.1 Share Price

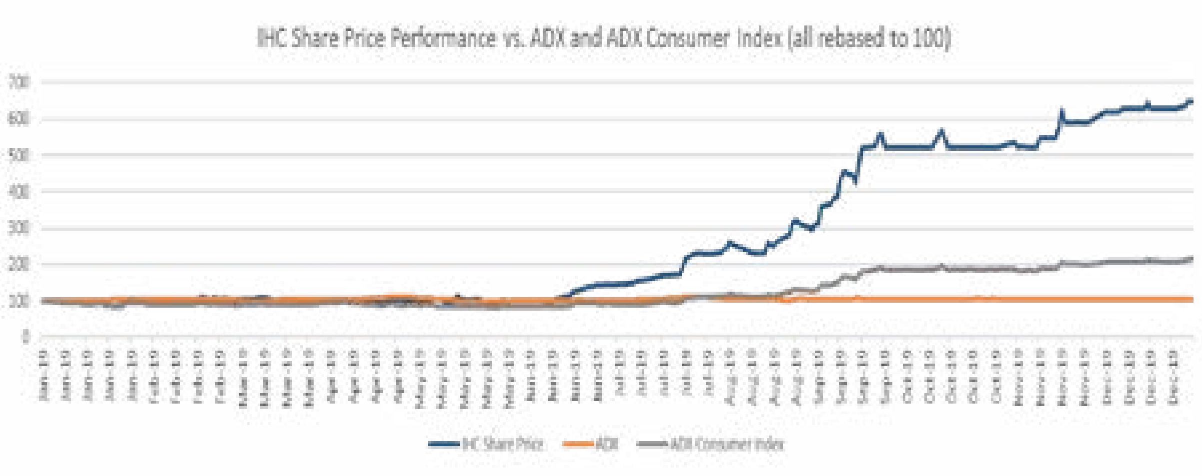
The following table presents the company's highest and lowest share price at the end of each month during the year 2019 and share performance against market index and sector index as of 31st December 2019:

	Share Price (AED)					Share Performance		
Month	**HIGH**	**LOW**	**CLOSING PRICE**	**Market Index**	**Consumer Goods Index**	**Absolute**	**VS Market**	**Vs Sector**
January	1.02	0.80	1.00	5,044.85	1,732.69	5%	3%	20%
February	1.10	0.90	1.02	5,137.81	1,717.99	2%	0%	3%
March	1.04	0.92	1.00	5,074.65	1,732.41	-2%	-1%	-3%
April	1.00	0.90	1.00	5,258.05	1,712.89	0%	-4%	1%
May	1.10	0.87	0.97	5,003.59	1,601.79	-3%	2%	4%
June	1.39	0.95	1.39	4,979.95	1,724.97	43%	44%	36%
July	2.25	1.34	2.18	5,317.90	2,086.57	57%	50%	36%
August	3.11	2.06	3.00	5,165.57	2,449.95	38%	40%	20%
September	5.54	2.75	5.00	5,057.32	3,452.21	67%	69%	26%
October	5.73	5.00	5.01	5,107.76	3,484.75	0.2%	-0.8%	-0.7%
November	6.00	5.00	5.66	5,030.75	3,751.03	13%	15%	5%
December	6.31	5.66	6.20	5,075.77	4,035.46	9.5%	8.6%	2%
Overall Performance During 2019	**6.31**	**0.80**	**6.20**	**5,075.77**	**4,035.46**	**554%**	**551%**	**455%**

Company's share price performance during the year 2019



Performance of the company's shares, compared with the ADX index and ADX consumer goods index during the year 2019:



18.2 Distribution of Shareholders' Ownership

Description	Governments	Individuals	Companies	Total
Local	-	30,610,834	1,787,612,784	1,818,223,618
GCC	-	1,671	444,598	446,269
Arabs	-	959,128	-	959,128
Foreigners	-	1,591,959	207,597	1,799,556
Total	**-**	**33,163,592**	**1,788,264,979**	**1,821,428,571**
Percentage (%)		**2%**	**98%**	**100%**

18.3 Statement of Shareholders Ownership 5% or More

Name of Shareholders	Shareholders Share %
Royal Group for Corporate Management LLC	15.22%
PAL Group of companies LLC	66.44%
Total	**81.67%**

18.4 Shareholders Ownership Distribution

Ownership of Shares	Number of Shareholders	Number of owned shares	Ownership %
Less than 50,000	8,364	17,072,953	0.94%
From 50,000- Less than 500,000	73	10,166,570	0.56%
From 500,000- Less than 5,000,000	16	24,014,398	1.32%
More than 5,000,000	13	1,770,174,650	97.19%
Total	**8,466**	**1,821,428,571**	**100%**

19. Investor Relations Affairs

The company has established a Department specialized in managing the affairs of the shareholders. The following summary clarifies what has been achieved in compliance with the provisions of the law and the Memorandum of Association and Resolution No. 7 regarding Corporate Governance Regulations and related circulars:

The Shareholder's Relations Officer has been appointed and holds the following qualifications:

- Holds a Degree suitable for work.
- Has experience in managing the affairs of shareholders and legal matters within the State, including companies and banks.
- Aware of the relevant legal and legislative requirements.
- Has full knowledge of the company's activities and opportunities.
- Has the ability to use different channels of communication and has the skills to communicate with investors in securities.

A special Investor Relations page has been created on the company's website to be constantly updated and maintained in line with international standards, including Investor Relations Department data and contact information such as, a dedicated phone number and e-mail, providing all Reports on Financial Results whether recorded or published , Financial year data, including the dates of publication of Financial Results Data, Minutes of Meetings of the General Assemblies, and any other important events.

Information and data disclosed to regulators, markets or the public are posted on the company's website at the following link:

https://ihcuae.com/#investor

Contact details for Shareholder's Relations Officer,
Miss Linda Ballout
Address: Unit# 404, 4th floor, Silver Wave Tower Meena Road,
Abu Dhabi – United Arab Emirates.
Tel: 02-6448090
Fax: 02-6447060
Mobile: 0521966063
P.O. Box 32619, Abu Dhabi – United Arab Emirates
Email: linda.b@ihcuae.com
Responding to Shareholders' enquiries from Sunday to Thursday, 10am to 2pm.

20. Special Resolutions Presented to the General Assembly Held During 2019

S. No.	Items / Special Resolutions	Measures Taken
1	Approval of the entry of PAL Group of Companies LLC and PAL Technology Services LLC (the “Strategic Investors”) as shareholders in the Company, based on the study which was submitted by the Board of Directors of the Company to the IHC General Meeting regarding the benefits that such entry will offer to the Company, all in accordance with Articles 223 and 224 of the Commercial Companies Law and Article 31 of the SCA Listing Rules.	Approved
2	Approval of the increase of the share capital of the Company by AED 1,311,428,571 through the entry of a strategic investor by an in-kind contribution, from AED 510,000,000 to AED 1,821,428,571, through the issuance of 1,311,428,571 new shares of AED1.00 each in the capital of the Company to the Strategic Investors (the “**Capital Increase**”) and the listing of such new shares of the Company on the Abu Dhabi Securities Exchange.	Approved
3	Approval of the proposed “strategic investment” to be made in the Company by the Strategic Investors through: (i) the transfer of the entire issued share capital of PAL Cooling Holding LLC (the “**PAL Shares**”) by the Strategic Investors to the Company (or, if applicable, any of its subsidiaries. (ii) the issuance of 1,311,428,571 new shares of AED1.00 each by the Company to the Strategic Investors in exchange for the PAL Shares.	Approved
4	Approval that the articles of association circulated to the shareholders of the Company together with this notice of general meeting which include the amendments to reflect the Capital Increase as required in accordance with the Commercial Companies Law, be adopted as the articles of association of the Company in substitution for and to the exclusion of all existing Articles of Association.	Approved

21. Rapporteur of Board Meetings

Rapporteur Name	Appointment date	Qualification/Experience	Duties during the year
Mr. Mohamed Yaser Bader	From 24/03/2011 till date	Holds a Bachelor’s Degree in Finance (Major: Accounting). He holds a CIA accredited internal auditor degree from the American Institute of Internal Auditors. He holds a CMA Certified Accountant by the American Institute of Management Accountants. Practical experience of more than 15 years in accounting and finance, including banks, financial and investment companies.	Coordination of all duties related to the Board of Directors. Drafting of Minutes of Meetings, organizing invitations, Retain/document of files, managing the General Assembly Meetings, coordination with the relevant regulatory authorities.
Mr. Ahmad N. Hadeed	since 01/08/2019- till date	LLB Cairo University, Egypt. LLM Indiana University, USA. Admitted to the Senior Courts of England, Wales and Egypt. 17 years post qualification experience	Legal Advisor and Secretary to the Board Meetings.

22. Significant Events During the Year 2019

S. No.	Company/ Vertical	Subsidiary	Description
1	IHC	-	On 30 June 2019, the Company issued 1,311,428,571 new shares and completed the acquisition of 100% of the issued share capital of PAL Cooling Holding LLC and its subsidiaries ("PAL"). The new shares were issued to the previous owners of PAL. PAL is based in the United Arab Emirates and is involved in installation of district cooling and air conditioning, repair of district cooling and investment in infrastructure projects.
			Restructured via addition of verticals into Utilities, Digital, Industrial and Capital and diversified the existing food vertical.
			During the year 2019 the Company completed the acquisition of the following entities: • Trust International Group LLC • Al Ajban Fodders LLC and Al Ajban Poultry LLC • Shuaa Securities LLC • Zee Store LLC, • Cine Royal Cinema LLC • Palms Sports LLC
			During the year 2019 the Company initiated the acquisition of the following entities: • Al Tamouh Investments Company LLC • Pure Health Medical Supplies LLC • Royal Technology Solutions LLC
2	IHC Food	AFSH	Diversified the existing food vertical by increasing stake in animal feed business operating in USA and Europe and acquiring a distribution company and poultry company.
		Asmak Holding LLC	Launch of Asmak fresh brand: A new innovation into convenient seafood products to capitalize on consumer insights and behaviors.
		Asmak Holding LLC	SAP launch: With the objective of standardizing operational processes to improve planning and management of company resources.
		Zee Stores LLC	Started functioning with a State-of-the-Art own Warehousing facility in KIZAD with a storage capacity of 4,668 M^3 for the distribution company.
3	IHC Utilities	PAL Cooling LLC	• Designed and started construction of new plants with 94000RT capacity under utilities division. • Installation of RO plant in PAL First Cooling Plant (Tamouh) to recycle portion of industrial wastewater.
4	IHC Digital LLC	Cine Royal Cinema LLC	Introduction of Cine Royal kids to create an enjoyable experience for kids under our digital division.
		Palms Sports LLC	Introduction and enhancements of various MMA training and competitions. Have partnered with Ju-Jitsu Federation and participated in various international and participated in several symposiums and presentations on Jiu-Jitsu in the UAE and abroad to support enhancements.
			Conceptualizing and implementing the very first school 'traditional rowing training program', launched palms sports academies to provide Jiu-Jitsu athletes a direct pathway to UAE national team and rejuvenated Abu Dhabi Warriors.

23. Emiratization Percentage in the Company as of 2019 (Excluding Unskilled Workers)

2017

Number of Employees	Emiratis Citizens	Non-Emiratis Citizen	Total
Total	5	401	406
Ratio	1%	99%	100%

2018

Number of Employees	Emiratis Citizens	Non-Emiratis Citizen	Total
Total	6	470	476
Ratio	1%	99%	100%

2019

Number of Employees	Emiratis Citizens	Non-Emiratis Citizen	Total
Total	10	1,301	1,311
Ratio	1%	99%	100%

24. Statement of Innovative Projects and Initiatives Implemented by the Company

There are not any innovative initiatives or projects implemented by the company during the year 2019.

Mr. Nader Ahmed Al Hammadi
Chairman-Board of Directors

Mr. Laith Jerry Al Fraih
Chairman- Audit Committee

Mr. Hamad Salem Al Ameri
Chairman- Nomination and Remuneration Committee

Mr. Ishtiaque Ahmed Shaikh
Manager Internal Control

Date: 17 / 03 /2020

International Holdings Company
الشركة العالمية القابضة

4.0 Financials

International Holdings Company (PJSC)

Director's Report and Consolidated Financial Statement
31 December 2019

DIRECTORS’ REPORT

31 December 2019

Dear Shareholders,

It is our pleasure to present the Directors’ report of International Holding Company PJSC (the “Company’’) and its subsidiaries (together referred to as the “Group”) for the year ended 31 December 2019.

Results for the year

During the year ended 31 December 2019, the Group reported a profit of AED 505,625 thousand (2018: AED 20,185 thousand) and total comprehensive income of AED 506,120 thousand (2018: AED 19,029 thousand).

Auditors

A resolution proposing the reappointment of Ernst & Young as auditors of the Group for the year ending 31 December 2020 will be put to the shareholders at Annual General Meeting.

On behalf of Board of Directors

Chairman

Date: 19 Mar 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF INTERNATIONAL HOLDINGS COMPANY PJSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of International Holdings Company PJSC (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants* (*including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Revenue recognition

Revenue recognition is considered to be a key area of focus given there are multiple revenue streams associated with the Group which come from various decentralized operational locations. In addition, there are a number of different IT systems and applications in place for the recording of revenue transactions. The Group has a variety of customer contracts and revenue arrangements that require careful consideration and judgement to determine the appropriate revenue recognition. Further, revenue is also a key performance indicator for the Group's performance. During the year ended 31 December 2019, total revenue of the Group amounted to AED 1,259,073 thousand (note 21).

We reviewed the revenue recognition policies applied by the Group to assess their compliance with IFRS requirements. For each material operational location with significant revenue streams, we performed substantive audit procedures which included substantive analytical procedures at the Group, division and subsidiary level and performed testing on transactions around the year end, to assess whether revenues were recognised in the correct accounting period.

Business combinations within the scope of IFRS 3

During the year, the Group has acquired control over three companies as disclosed in note 6.1. Independent external valuation specialists were engaged by the Group to perform the purchase price allocation exercise, fair valuation of required assets and liabilities, and identification and valuation of the acquiree's assets / businesses. The acquisition of assets/ businesses is a key audit matter as these are significant transactions during the year which require significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired assets / businesses with those of the Group.

We have obtained the purchase price allocation reports prepared by the independent valuers engaged by the Group. We involved our internal valuation specialists in reviewing the report. The review included discussions with management, consideration of overall reasonableness of the assumptions and valuations in line with our expectations. Further, assessing the key assumptions

Report on the Audit of the Consolidated Financial Statements continued

including cash flows focusing on revenues and earnings before interest, tax depreciation and amortisation (‘EBITDA’) and appropriateness of discount and growth rates, whilst considering the risk of management bias.

Other information

Other information consists of the information included in the Directors’ report and annual report other than the consolidated financial statements and our auditor’s report thereon.We obtained the Directors’ report prior to the date of our audit report and we expect to obtain the annual report after the date of our auditor’s report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Other information continued

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

Auditor’s responsibilities for the audit of the consolidated financial statements continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Report on Other Legal and Regulatory Requirements

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

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

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015 and the Memorandum and Articles of Association of the Company;

iii) the Group has maintained proper books of account;

iv) the consolidated financial information included in the Directors' report is consistent with the books of account and records of the Group;

v) investments in shares and stocks are included in notes 2.2, 6, 10 and 11 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2019;

vi) note 26 reflects the disclosures relating to material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2019, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its consolidated financial position as at 31 December 2019; and

viii) during the year, the Group made no social contributions.

Signed by:

Raed Ahmad

Partner

Ernst & Young

Registration No 811

Date: 19 Mar 2020

Abu Dhabi

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

At 31 December 2019

	Notes	2019 AED'000	2018 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1,220,662**	68,624
Intangible assets and goodwill	8	**351,988**	-
Right-of-use assets	2.3	**85,666**	-
Investment properties	9	**328**	98,180
Investment in associates and joint ventures	10	**7,331**	12,928
Financial assets at fair value through other comprehensive income	11	**43,183**	22,868
Loans and advances		**571**	-
Loan to a related party	26	**1,200**	1,200
Deferred tax assets	29	**1,143**	
		1,712,072	203,800
Current assets			
Inventories	12	**137,824**	37,113
Biological assets		**5,283**	1,504
Due from related parties	26	**200,848**	67,327
Trade and other receivables	13	**616,937**	187,914
Cash and bank balances	14	**1,305,185**	293,496
		2,266,077	587,354
TOTAL ASSETS		**3,978,149**	791,154
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,821,429**	510,000
Merger reserve	6.2	**(219,722)**	-
Statutory reserve	16	**45,191**	12,820
Cumulative changes on revaluation of investments		**8,394**	7,668
Currency translation reserve		**(287)**	(102)
Retained earnings		**517,476**	46,644
Equity attributable to owners of the Company		**2,172,481**	577,030
Non-controlling interests		**22,428**	9,269
Total equity		**2,194,909**	586,299

At 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Non-current liabilities			
Provision for employees' end of service benefit	17	**49,544**	16,900
Lease liabilities	2.3	**76,133**	-
Bank borrowings	18	**326,937**	25,144
Other long term liabilities	20	**161,413**	-
Deferred tax liabilities	29	**1,599**	-
		615,626	42,044
Current liabilities			
Due to related parties	26	**179,139**	7,684
Lease liabilities	2.3	**8,828**	-
Loan from a related party	26	**-**	3,145
Bank borrowings	18	**117,935**	3,500
Trade and other payables	19	**861,712**	148,482
		1,167,614	162,811
Total liabilities		**1,783,240**	204,855
TOTAL EQUITY AND LIABILITIES		**3,978,149**	791,154

Chief Financial Officer **Managing Director** **Chairman**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Revenue	21	**1,259,073**	570,241
Cost of revenue	22	**(920,425)**	(490,914)
Gross profit		**338,648**	79,327
General and administrative expenses	23	**(119,635)**	(57,618)
Selling and distribution expenses	24	**(41,638)**	(31,461)
Investment and other income	25	**49,783**	27,447
Gain on acquisition of subsidiary	6	**293,000**	2,490
Finance costs		**(13,958)**	-
Profit before tax		**506,200**	20,185
Income tax expense	29	**(575)**	-
Profit for the year		**505,625**	20,185
Attributable to:			
Owners of the Company		**505,560**	18,451
Non-controlling interests		**65**	1,734
Profit for the year		**505,625**	20,185
Earnings per share based on weighted average shares	27	**0.43**	0.04

The attached notes 1 to 34 form part of these consolidated financial statements.

For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Profit for the year		**505,625**	20,185
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange difference on translation of foreign operations		**(231)**	(146)
Items that will not be reclassified subsequently to profit or loss:			
Change in the fair value of financial assets at fair value through other comprehensive income	11	**726**	(1,010)
Total other comprehensive income (loss)		**495**	(1,156)
Total comprehensive income for the year		**506,120**	19,029
Attributable to:			
Owners of the Company		**506,101**	17,339
Non-controlling interests		**19**	1,690
		506,120	19,029

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

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 AED'000*
Balance at 1 January 2018	510,000	-	10,975	(2,264)	-	35,162	553,873	6,251	560,124
Effect of changes in accounting policy for IFRS 9	-	-	-	10,942	-	(5,169)	5,773	(497)	5,276
Balance at 1 January 2018 (restated)	510,000	-	10,975	8,678	-	29,993	559,646	5,754	565,400
Profit for the year	-	-	-	-	-	18,451	18,451	1,734	20,185
Other comprehensive loss for the year	-	-	-	(1,010)	(102)	-	(1,112)	(44)	(1,156)
Total comprehensive income for the year	-	-	-	(1,010)	(102)	18,451	17,339	1,690	19,029
Transfer to statutory reserve	-	-	1,845	-	-	(1,845)	-	-	-
Dividends (note 33)	-	-	-	-	-	-	-	(4,000)	(4,000)
Disposal of partial interest in subsidiary	-	-	-	-	-	45	45	5,825	5,870
Balance at 31 December 2018	510,000	-	12,820	7,668	(102)	46,644	577,030	9,269	586,299
Balance at 1 January 2019	510,000	-	12,820	7,668	(102)	46,644	577,030	9,269	586,299
Profit for the year	-	-	-	-	-	505,560	505,560	65	505,625
Other comprehensive income (loss) for the year	-	-	-	726	(185)	-	541	(46)	495
Total comprehensive income (loss) for the year	-	-	-	726	(185)	505,560	506,101	19	506,120
Issue of share capital (note 15)	1,311,429	-	-	-	-	-	1,311,429	-	1,311,429
Transfer to statutory reserve	-	-	32,371	-	-	(32,371)	-	-	-
Business combination of entities under common control (note 6.2)	-	(219,722)	-	-	-	-	(219,722)	-	(219,722)
Acquisition of non-controlling interest (note 2.2)	-	-	-	-	-	(2,357)	(2,357)	2,357	-
Dividends (note 33)	-	-	-	-	-	-	-	(3,780)	(3,780)
Acquisition of subsidiary (note 6.1)	-	-	-	-	-	-	-	14,563	14,563
Balance at 31 December 2019	**1,821,429**	**(219,722)**	**45,191**	**8,394**	**(287)**	**517,476**	**2,172,481**	**22,428**	**2,194,909**

The attached notes 1 to 34 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
OPERATING ACTIVITIES			
Profit for the year		**505,625**	20,185
Adjustments for:			
Depreciation of property, plant and equipment	7	**22,014**	2,858
Depreciation of right of use asset	2.3	**1,804**	-
Amortisation of intangible assets	8	**10,935**	-
Depreciation of investment properties	9	**414**	413
Amortisation of biological asset		**224**	-
Share of profit from investment in associates and joint ventures	10	**(4,776)**	(7,062)
Change in fair value of biological assets		**(670)**	535
Provision for employees' end of service benefit	17	**5,125**	2,882
Gain on disposal of property, plant and equipment		**(36)**	(640)
Gain on acquisition of a subsidiary	6	**(293,000)**	(2,490)
Gain on disposal of investment property	9	**(152,562)**	-
Allowance for slow moving inventories	12	**246**	404
Allowance for expected credit losses	13	**8,479**	2,311
Reversal of losses on financial assets	13	**(1,259)**	-
Interest and dividend income		**(15,492)**	(11,296)
Fair value gain on revaluation of acquirers' previously held equity interest	10	**(5,495)**	-
Write of property, plant and equipment		**539**	-
Finance costs		**13,958**	-
Operating cash flows before changes in operating assets and liabilities		**96,073**	8,100
Increase in inventories		**(41,544)**	(16,296)
Decrease in biological assets		**-**	2,324
Increase in due from related parties		**(116,408)**	(10,588)
Decrease (increase) in trade and other receivables		**144,079**	(30,535)
Increase in loans and advances		**(572)**	-
Increase in due to related parties		**92,869**	4,992
Increase in other non current liabilities		**95,685**	-
Increase in trade and other payables		**73,905**	61,390
Cash generated from operations		**344,087**	19,387
Employees' end of service indemnity paid	17	**(8,338)**	(1,646)
Finance costs paid		**(13,958)**	-
Net cash generated from operating activities		**321,791**	17,741

	Notes	2019 AED'000	2018 AED'000
INVESTING ACTIVITIES			
Decrease (increase) in fixed deposits		**181,392**	(83,764)
Addition to property, plant and equipment	7	**(78,559)**	(52,583)
Addition to intangible assets	8	**(322)**	-
Proceeds from sale of property, plant and equipment		**36**	1,190
Acquisition of subsidiaries	6.1	**199,502**	(3,648)
Business combination of entities under common control	6.2	**334,673**	-
Purchase of investment in associate		**-**	(3,486)
Proceeds from disposal of investment property	9	**250,000**	-
Purchase of financial assets at FVTOCI	11	**(19,589)**	-
Dividend received from associates and joint ventures	10	**6,509**	6,435
Loan provided to related party		**-**	(1,200)
Interest and dividend received		**12,350**	9,511
Net cash generated from (used in) investing activities		**885,992**	(127,545)
FINANCING ACTIVITIES			
Net (repayment of) proceeds from bank borrowings	18	**(6,661)**	27,539
Repayment of loan from related parties		**(3,145)**	(2,880)
Dividend paid to non-controlling interest	33	**(3,780)**	(4,000)
Net movement in non-controlling interest		**-**	5,870
Lease rentals paid	2.3	**(829)**	(496)
Net cash (used in) generated from financing activities		**(14,415)**	26,033
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		**1,193,368**	(83,771)
Cash and cash equivalents at beginning of the year		**91,772**	175,689
Effect of foreign exchange rate changes		**(287)**	(146)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	**1,284,853**	91,772

The attached notes 1 to 34 form part of these consolidated financial statements.

1 GENERAL INFORMATION

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

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

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

In addition, the Group added new verticals during the year which has activities of installation of district cooling and air conditioning, repair of district cooling, investment in infrastructure projects, brokerage services, sale of food items and management of cinema shows, sale of spare parts and repair of military equipment, sports enterprises investment and management and sale of poultry products.

The consolidated financial statements for the year ended 31 December 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 18 March 2020.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis, except for the re-measurement of certain financial instruments and biological assets at fair value.

The consolidated financial statements are presented in UAE Dirhams ("AED"), which is the presentation currency of the Group and all values are rounded to the nearest thousand (AED '000) except when otherwise indicated.

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable requirements of laws of the United Arab Emirates.

2.2 Basis for consolidation

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

Control is achieved when the Company:

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

- has the ability to use its power to affect its returns.

The 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 contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

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 year are included in the 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 Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group 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.

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Details of subsidiaries as at 31 December 2019 and 31 December 2018 were as follows:

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

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2019	2018
PAL Danat Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	**100%**	-
PAL Saraya Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	**100%**	-
PAL Shams Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	**100%**	-
PAL Najamat Cooling LLC ***	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	**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%**	-
Al Ajban Poultry LLC***	United Arab Emirates	Rearing, hatching, feed processing and sale of poultry products.	**100%**	-
Palms Sports LLC***	United Arab Emirates	Providing sport enterprises investment, institution and management.	**100%**	-
Zee Stores LLC***	United Arab Emirates	Trading and import of fresh consumables, canned, preserved and frozen foods.	**100%**	-
Cine Royal Cinema LLC***	United Arab Emirates	Establishment, management services, sale of food and cafeteria items and cinema shows.	**100%**	-
Shuaa Securities LLC***	United Arab Emirates	Share brokerage services.	**100%**	-
Trust International Group LLC***	United Arab Emirates	Sale of spare parts and repairs for military equipment.	**100%**	-

* Effective 1 April 2019, the Group increased its ownership interest in Alliance Food Security Holdings LLC from 70% to 80% by subscribing for additional 18 mn shares out of 20 mn total new shares issued by Alliance Food Security Holdings LLC. As Alliance Food Security Holdings LLC owns 100% of Alliance Food Security Holdings USA and Forrajes San Mateo, S.L.U., accordingly the Group's ownership in these entities also increased from 70% to 80%.

** The Group increased its ownership interest in The Gombos Company, L.L.C. from 30% to 50% effective 1 January 2019 (note 6.1).

*** During the year, the Group acquired 100% ownership interest in these entities (note 6).

2.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new standards, interpretations and amendments effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

Annual improvements 2015-2017 cycle

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

The Group applied IFRS 16 Leases for the first time. The nature and effect of these changes are disclosed below. The other amendments and interpretations applied for the first time in 2019 do not have an impact on the consolidated financial statements of the Group.

Impact on adoption of IFRS 16

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Transition to IFRS 16

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

	At 1 January 2019 AED'000
Assets	
Right-of-use assets (land)	**14,139**
Prepayments	(263)
Total assets	**13,876**
Liabilities	
Lease liabilities	**13,876**
Total liabilities	**13,876**

Nature of the effect of adoption of IFRS 16

The Group has various lease contracts, where prior to the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. The leased asset was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'trade and other receivables' and 'trade and other payables' respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

2.3 CHANGES IN ACCOUNTING POLICIES continued

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

Operating lease commitments as at 31 December 2018 (AED'000)	**31,584**
Incremental borrowing rate as at 1 January 2019	**5.8%**
Lease liabilities as at 1 January 2019 (AED'000)	**13,876**

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

	Right-of-use asset (land) ***AED'000***	***Lease liability*** ***AED'000***
As at 1 January 2019	**14,139**	**13,876**
Acquired in business combinations (note 6)	**73,838**	**70,322**
Depreciation expense	**(2,311)**	**-**
Interest expense	**-**	**1,592**
Repayment made during the year	**-**	**(829)**
As at 31 December 2019	**85,666**	**84,961**

Lease liabilities are analysed in the consolidated statement of financial position as follows:

	2019 ***AED'000***
Current	**8,828**
Non-current	**76,133**
	84,961

Depreciation and interest expense are recognised in the consolidated financial statements as follows:

	2019 ***AED'000***
Depreciation expense charged to consolidated statement of profit or loss	**1,804**
Depreciation expense charged to capital work in progress (note 7)	**507**
	2,311
Interest expense charged to consolidated statement of profit or loss	**802**
Interest expense charged to capital work in progress	**790**
	1,592

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

Business combinations and goodwill continued

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in consolidated statement of profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combination of entities under common control

Transactions giving rise to transfer of interest in entities that are under common control are accounted for at the date the transfer occurred without restatement of prior periods. The assets and liabilities acquired are recognised at the carrying amounts recognized previously in the books of transferor entity. The components of the equity of the acquired entities are added to the same components within Group entity. Any cash paid for the acquisition is recognizsd directly in equity.

Interest in a joint venture

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture.

Joint ventures are accounted using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investment in an associate

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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 the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part 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.

Where the Group transacts with an associate, profits and losses are eliminated to the extent of the Group interest in the relevant associate.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are stated at cost less accumulated depreciation 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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Depreciation is charged so as to write off the cost of a property over its estimated useful life of 8 years, using 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.

Inventories

Fish and fish products

Fish and fish products are stated at lower of cost or net realisable value, cost is determined using the first-in, first-out (FIFO) basis. Cost includes purchase cost, freight, insurance and other related expenses incurred in bringing the goods to their present condition and location. Net realisable value is based on the normal selling price, less cost expected to be incurred in marketing, selling and distribution. Allowance is made when necessary for obsolete, slow-moving and damaged items.

Animal feed products

Inventory consists primarily of alfalfa hay, materials, supplies and parts and are stated at the lower of cost and net realizable value. Alfalfa hay is valued using the weighted average cost method. Materials, supplies and parts are valued using the first in first out method.

Packing and raw materials, food and non-food items, other finished goods and spares and consumables

These are stated at the lower of weighted average cost and net realisable value. Cost includes all costs incurred in bringing inventory to its present condition and location. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Poultry products

Boiler chicken, hatching eggs and finished goods are stated at lower of cost and net realisable value. Cost is calculated using the weighted average cost method. The cost comprises of a proportion of the cost of the egg produced by the parent chicken or purchased, and feed, vaccine medicines consumed by the flock, slaughtering expenses and packing charges.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

Revenue from sale of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Construction contracts

The Group provides construction with services with customers. Such contracts are entered into before rendering of services begins. Under the terms of the contracts, the Group is contractually restricted from reducing the structure under construction to another customer and has enforceable right to payment for work done. Revenue from construction is therefore recognised over time on a cost to cost method based the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations under *IFRS 15 Revenue from Contracts with Customers*.

Where the outcome of a construction contract cannot be estimated reliably, revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Contract costs are recognised as expenses in the period in which they are incurred.

When it is possible that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of contracts include all direct costs of labour, materials, depreciation of property and equipment and costs of subcontracted works, plus an appropriate portion of construction overheads and general and administrative expenses of the year allocated to construction contracts in progress during the year at a fixed rate of the value of work done on each contract. Any under recovery at the end of the fiscal year, is charged to profit or loss as unallocated overheads.

The gross amount of contract assets from customers classified under trade and other receivables, is the net amount of costs incurred plus recognised profits; less recognised losses and progress billings, for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

The gross amount contract liabilities to customers classified under trade and other payables, is the net amount of costs incurred plus recognised profits less recognised losses and less progress billings, for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

The effect of a change in the estimates of contract revenue or contract costs or the outcome of a contract, including that arising from liquidated damages and final contract settlements, is used in the determination of the amount of revenue and costs recognised in profit or loss in the period in which the change is made and in subsequent periods.

Rental income

The Group enters into operating leases for its investment property. Rental income from such operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

District cooling

Revenue from providing the district cooling services in the course of ordinary activities is

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

measured at fair value of the consideration received or receivable. Revenue is recognised when pervasive evidence exists, usually in the form of an executed sales agreement, the significant risks and rewards of ownership have been transferred to the customer and the service has been rendered to the customer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the service, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Connection fees

Connection fees are recognised on a straight line basis over the term of the respective customer contracts unless it represents a separately identifiable service and satisfies other criteria for upfront recognition to the consolidated statement of profit or loss.

Services

Revenue relating to services is recognised over time. The transaction price is straight lined over the period of service.

Dividends

Dividend income from investments is recognised in the consolidated statement of profit and loss when the shareholders' rights to receive payment is established.

Interest income

Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Employee benefits

An accrual is made for estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the reporting period.

Provision is also made for the full amount of end of service benefits due to employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period. The accrual relating to annual leave and leave passage is classified as a current liability, while the provision relating to end of service benefits is classified as a non-current liability.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific loans pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period during which they are incurred.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Foreign currencies

For the purpose of these consolidated financial statements UAE Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short- term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Biological assets

Biological assets are measured on initial recognition and at end of each reporting period at fair value less estimated costs to sell, unless at initial recognition that fair value cannot be measured reliably. In such cases, the entity measures the biological asset at historic cost less any accumulated depreciation and any accumulated impairment losses unless/until fair value becomes reliably measurable. The fair values are determined based on current market prices of similar type of assets. Costs to sell include commission to brokers and dealers.

A gain or loss on initial recognition of biological assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of biological assets shall be included in profit or loss in the period in which it arises.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Concession rights

These include cost incurred to obtain certain concession rights and are amortised on a straight-line basis in the consolidated statement of profit or loss over their estimated useful life of 37 years from the date of construction of DC Plant.

Customer contracts

Customer contracts have a finite useful life and are carried at cost less accumulated amortisation and impairment and mainly represent long term non-cancellable contracts with customers for the supply of services which were acquired during the year (note 6). Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 4 years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Customer relationship

Customer relationship represents future economic benefits in the form of future business with a customer beyond the amount secured by any current contractual arrangements. Customer relationship acquired in a business combination that does not arise from a contract may nevertheless be identifiable because the relationship is separable. These mainly represent non-contractual relationships, which were acquired during the year (note 6) and meet the criteria for recognition as intangible assets under IAS 38. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life of 6 years.

Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Assets under construction are stated at cost, net of accumulated impairment losses, and are not depreciated. When commissioned, assets under construction are transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

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 the consolidated statement of profit or loss in the period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

Fish farming assets	5 - 12
Buildings and leasehold improvements	5 - 33
Plant, machinery and equipment	3 - 35
Furniture, fixtures and office equipment	3 - 7
Motor vehicles	4 - 5
Marine vessels	10 – 25

Property and equipment continued

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 and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated statement profit or loss.

The gain or loss arising on the disposal or retirement of an item of property 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.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that it reverses previously recorded revaluation gains.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Financial assets continued

(SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at amortised cost (debt instruments, cash and cash equivalents and trade receivables)

b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through profit or loss

The Group has the following financial assets:

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost include a certain portion of trade and other receivables, due from related parties, and cash and bank balances.

Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash at

hand and deposits held with banks with an original maturity of three months or less.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments

as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Impairment of financial assets continued

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities at amortised cost (loans and borrowings) continued

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to a certain portion of trade and other payables, due to related parties, lease liabilities and bank borrowings.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

- neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Value added tax ("VAT")

- Expenses and assets are recognised net of the amount of VAT, except:
- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included
- The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Fair value measurement

The Group measures financial instruments such as financial assets at fair value through other comprehensive income, trade and other receivables, due from related parties and cash and bank balances at fair value at each consolidated statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

4 STANDARDS ISSUED BUT NOT EFFECTIVE

The following new standards/ amendments to standards which were issued up to 31 December 2019 and are not yet effective for the year ended 31 December 2019 have not been applied while preparing these consolidated financial statements. The Group does not expect that the adoption of these standards/amendments will have a material impact on its consolidated financial statements:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY continued

Key sources of estimation of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and investment properties

The management determines the estimated useful lives of its property, plant and equipment and investment properties for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates.

Impairment assessment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data

from binding sales transactions, conducted at arm's length, for similar assets or

observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to investment properties, investment in associates and joint ventures, goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 8. Properties classified under property and equipment are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss.

Business combinations

Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Allowance for slow moving inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments **5**

to reduce the cost of inventory to its net realisable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based market observable data to the extent practicable. When level 1 inputs are not available, the Group determines fair value based another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments or other valuation models. Management believes that the carrying values of these unquoted equity investments are appropriately measured at their fair values.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating etc.).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is

sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the reporting date, gross trade receivables were AED 377,688 thousand (2018: AED121,704 thousand), contract assets were AED 37,712 thousand (2018: AED 44,092 thousand) and the provision for expected credit losses was AED 37,293 thousand (2018: AED 21,621 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Critical accounting judgments in applying accounting policies

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following judgments that have the most significant effect on the amounts recognised in the consolidated financial statements.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

6 BUSINESS COMBINATIONS

6.1 ACQUISITIONS DURING THE YEAR

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

	Gombos	*Trust*	*Shuaa*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*
Assets				
Intangible assets	8,514	240,400	2,831	251,745
Property and equipment	11,748	1,586	1,156	14,490
Due from related parties	-	-	37	37
Inventories	37,078	-	-	37,078
Right of use assets	3,972	7,213	-	11,185
Cash and bank balances	-	83,068	231,173	314,241
Trade and other receivables	16,422	203,645	72,206	292,273
	77,734	**535,912**	**307,403**	**921,049**
Liabilities				
Trade and other payable	19,858	133,323	223,745	376,926
Borrowings	25,943	-	13,822	39,765
Due to related parties	-	930	-	930
Lease liabilities	2,807	6,059	-	8,866
Provision for employees' end of service benefit	-	2,600	1,082	3,682
	48,608	**142,912**	**238,649**	**430,169**
Net assets of acquiree	**29,126**	**393,000**	**68,754**	**490,880**

6 BUSINESS COMBINATIONS continued

6.1 ACQUISITIONS DURING THE YEAR continued

Proportionate share of identifiable net assets acquired	**14,563**	**393,000**	**68,754**	**476,317**
Goodwill arising on acquisition (note 8)	1,035	-	29,746	30,781
Gain on acquisition	-	(293,000)	-	(293,000)
Purchase consideration	**15,598**	**100,000**	**98,500**	**214,098**
The breakup of purchase consideration is as follows:				
Fair value of previously held equity interest (note 10)	9,359	-	-	9,359
Purchase consideration paid	6,239	10,000	98,500	114,739
Purchase consideration payable	-	90,000	-	90,000
	15,598	**100,000**	**98,500**	**214,098**

The fair value assessment of identifiable net assets is complete for all entities.

Analysis of cash flows on acquisitions is as follows:

	Gombos	***Trust***	***Shuaa***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***
Cash paid	**(6,239)**	**(10,000)**	**(98,500)**	**(114,739)**
Net cash acquired with the subsidiaries	**-**	**83,068**	**231,173**	**314,241**
Net cash flow on acquisition	**(6,239)**	**73,068**	**132,673**	**199,502**

Acquisition of The Gombos Company, L.L.C.

Effective 1 January 2019, the Group increased its ownership interest in The Gombos Company, L.L.C ("Gombos") from 30% to 50% by making additional capital contribution of AED 6,239 thousand (USD 1,700 thousand). The Gombos Company, L.L.C. is a private limited liability company based in the United States of America that is involved in trading and production of animal feed. The acquisition has been accounted for using the acquisition method. The Group has concluded that it controls Gombos as the Group exercises power over Gombos through the supply and distribution agreement between the Group and Gombos, its representation on the board of directors and the right to appoint the managing member of the board of directors of Gombos. The Group recognized non-controlling interest at acquisition of AED 14,563. From the date of acquisition, Gombos contributed revenue and profit to the Group amounting to AED 130,883 thousand and AED 1,512 thousand, respectively.

Acquisition of Trust International Group LLC

Effective 1 November 2019, the Group acquired a 100% interest in Trust International Group L.L.C ("Trust") for AED 100 mn payable in 4 instalments over a period of 3 years. Trust is a private limited liability company based in the United Arab Emirates that is involved in sale of spare parts and repairs for military equipment. The acquisition has been accounted for using the acquisition method under IFRS 3 Business combination. From the date of acquisition, Trust contributed revenue and profit to the Group amounting to AED 29,141 thousand and AED 2,155 thousand, respectively.

If the acquisition had taken place at the beginning of the year, Trust would have contributed revenue and profit to the Group amounting to AED 436,041 thousand and AED 29,093 thousand respectively.

With respect to the bargain gain on acquisition, the Group re-assessed whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviewed the procedures used to measure the amounts to be recognised at the acquisition date. The reassessment still resulted in an excess of the fair value of net assets acquired over the aggregate consideration transferred. Even though the business was doing well financially, due to its special nature and advice from Trust's major customer, the previous owners decided to divest their respective shares in Trust, so they could concentrate on their considerable other business interests.

Acquisition of Shuaa Securities LLC

Effective 1 November 2019, the Group acquired a 100% interest in Shuaa Securities L.L.C ("Shuaa") for AED 98.5 Mn. Shuaa is a private limited liability company based in the United Arab Emirates that is involved in provision of share brokerage services. The acquisition has been accounted for using the acquisition method. From the date of acquisition, Shuaa contributed revenue and profit to the Group amounting to AED 3,882 thousand and AED 2,776 thousand, respectively. If the acquisition had taken place at the beginning of the year, Shuaa would have contributed revenue and profit to the Group amounting to AED 18,403 thousand and AED 7,938 thousand respectively.

The acquisition during the year of entities mentioned below are excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as it is business combination of entities under common control given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction. In accordance with IFRS 10, "Consolidated Financial Statements", the Group has elected to consolidate the income, expenses, assets and liabilities of acquired entities from the date of acquisition.

6 BUSINESS COMBINATIONS continued

6.2 BUSINESS COMBINATIONS UNDER COMMON CONTROL continued

PAL Cooling Holding LLC

On 30 June 2019, the Company issued 1,311,428,571 new shares and completed the acquisition of 100% of the issued share capital of PAL Cooling Holding LLC and its subsidiaries ("PAL"). The new shares were issued to the previous owners of PAL. PAL is based in the United Arab Emirates and is involved in installation of district cooling and air conditioning, repair of district cooling and investment in infrastructure projects. From the date of acquisition, PAL contributed revenue and profit to the Group amounting to AED 119,311 thousand and AED 45,459 thousand, respectively. If the acquisition had taken place at the beginning of the year, PAL would have contributed revenue and profit to the Group amounting to AED 207,402 thousand and AED 71,068 thousand respectively.

Al Ajban Poultry LLC

On 1 November 2019, the Company acquired 100% shares in Al Ajban Poultry LLC ("Al Ajban") for nil consideration. Al Ajban is based in Abu Dhabi, United Arab Emirates and is involved in Rearing, hatching, feed processing and sale of poultry products. From the date of acquisition, Al Ajban contributed revenue and profit to the Group amounting to AED 12,254 thousand and AED 1,829 thousand, respectively. If the acquisition had taken place at the beginning of the year, Al Ajabn would have contributed revenue and profit to the Group amounting to AED 76,957 thousand and AED 10,380 thousand respectively.

Palms Sports LLC

On 1 November 2019, the Company acquired 100% shares in Palms Sports LLC ("Palms Sports") for nil consideration. Palms Sports is based in the United Arab Emirates and is involved in providing sport enterprises investment, institution and management. From the date of acquisition, Palms Sports contributed revenue and profit to the Group amounting to AED 54,694 thousand and AED 20,735 thousand, respectively. If the acquisition had taken place at the beginning of the year, Palms Sports would have contributed revenue and profit to the Group amounting to AED 308,729 thousand AED 76,702 thousand respectively.

Zee Stores LLC

On 1 November 2019, the Company acquired 100% shares in Zee Stores LLC ("Zee Stores") for nil consideration. Zee Stores is based in the United Arab Emirates and is involved in the trading and importing of fresh consumables, canned, preserved and frozen foods. From the date of acquisition, Zee Stores contributed revenue and profit to the Group amounting to AED 48,177 thousand and AED 2,959 thousand, respectively. If the acquisition had taken place at the beginning of the year, Zee Stores would have contributed revenue and profit to the Group amounting to AED 302,999 thousand and AED 18,636 thousand respectively.

Cine Royal Cinema LLC

On 1 November 2019, the Company acquired 100% shares in Cine Royal Cinema LLC ("Cine Royal") at nil consideration. Cine Royal is based in the United Arab Emirates and is involved in establishment, management services, sale of food and cafeteria items and cinema shows. From the date of acquisition, Cine Royal contributed revenue and profit to the Group amounting to AED 13,888 thousand and AED 579 thousand respectively. If the acquisition had taken place at the beginning of the year, Cine Royal would have contributed revenue and profit to the Group amounting to AED 88,059 thousand AED 7,101 thousand respectively.

	Pal	***Al Ajban***	***Palms Sports***	***Zee Stores***	***Cine Royal***	***Total***
	AED'000	***AED'000***	***AED'000***	***AED'000***	***AED'000***	***AED'000***
Assets						
Intangible assets	80,000	124	-	-	-	80,124
Property, plant and equipment	788,157	196,222	1,064	15,887	80,349	1,081,679
Right of use assets	-	-	751	7,273	54,629	62,653
Inventories	-	14,611	1,656	5,224	844	22,335
Due from related parties	1,903	1,221	-	5,701	8,251	17,076
Biological assets	-	3,853	-	-	-	3,853
Cash and bank balances	13,850	10,411	211,789	57,855	40,768	334,673
Trade and other receivables	89,634	21,926	74,508	90,351	12,888	289,307
	973,544	**248,368**	**289,768**	**182,291**	**197,729**	**1,891,700**
Liabilities						
Trade and other payable	131,428	11,852	50,741	33,463	17,546	245,030
Bank borrowings	383,124	-	-	-	-	383,124
Due to related parties	29,874	44,037	304	1,387	2,054	77,656
Deferred revenue	-	728	-	-	-	728

6 BUSINESS COMBINATIONS continued

6 BUSINESS COMBINATIONS UNDER COMMON CONTROL continued

Lease liabilities	-	-	651	7,522	53,283	61,456
Provision for employees' end of service benefit	4,080	932	22,370	3,248	1,369	31,999
	548,506	**57,549**	**74,066**	**45,620**	**74,252**	**799,993**
Proportionate share of identifiable net assets acquired	425,038	190,819	215,702	136,671	123,477	1,091,707
Shares issued for the acquisition	(1,311,429)	-	-	-	-	(1,311,429)
Consideration paid	-	-	-	-	-	-
Merger reserve	**(886,391)**	**190,819**	**215,702**	**136,671**	**123,477**	**(219,722)**

If the business combinations mentioned above and in note 6.1 had taken place at the beginning of the year, revenue and profit of the Group would have been AED 2,416,316 thousand and AED 650,051 thousand respectively.

6.3 ACQUISITION IN PRIOR YEAR

During 2018, Alliance Food Security Holdings acquired 100% ownership in Forrajes San Mateo, S.L.U for a total consideration of EUR 1,065,000 (AED 4,830,222). The gain on acquisition of subsidiary amounted to AED 2,489 thousand being the excess of fair value of net assets acquired over the consideration transferred.

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

	2018
	AED'000
Prepayments and other current assets	29
Inventories	126
Property, plant and equipment (note 7)	7,330
Other assets	22
Trade and other payables	(187)
Net assets acquired	7,320
Gain on acquisition	(2,490)
Purchase consideration	4,830

The fair value of the property, plant and equipment was verified by an independent appraiser. For disclosure purpose, the fair value of property is classified under level 3.

Analysis of cash flows on acquisition is as follows:

	2018
	AED'000
Cash paid	3,648
Payable to Forrajes San Mateo, S.LU ("the acquiree")	1,182
	4,830

There was no contingent consideration included in the purchase price of the subsidiary.

During the year ended 31 December 2018, the newly acquired subsidiary contributed revenue and profit to the Group amounting to AED 10.7 mn and AED 0.3 mn, respectively.

7 PROPERTY, PLANT AND EQUIPMENT

	Fish farming assets	*Building and leasehold improvements*	*Plant and equipment*	*Furnitures, fixtures and office equipments*	*Motor vehicles*	*Marine vessels*	*Capital work in progress*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Cost								
At 1 January 2018	8,227	10,167	38,608	3,630	12,884	3,330	5,893	82,739
Acquisition of subsidiaries (note 6)	-	5,104	1,335	-	891	-	-	7,330
Additions during the year	-	-	396	108	356	-	51,723	52,583
Disposals	(1,775)	(64)	(1,749)	(25)	(2,018)	(135)	-	(5,766)
At 31 December 2018	6,452	15,207	38,590	3,713	12,113	3,195	57,616	136,886
At 1 January 2019	6,452	15,207	38,590	3,713	12,113	3,195	57,616	136,886
Acquisition of subsidiaries (note 6)	-	226,599	774,444	5,753	4,377	-	84,996	1,096,169
Additions during the year	-	3,753	13,026	1,179	89	-	60,512	78,559
Disposals during the year		-	(921)	(1,821)	(1,327)	-	-	(4,069)
Write off during the year	-	-	-	-	-	-	(508)	(508)
Transfers during the year	-	-	129	169	-	-	(298)	-
At 31 December 2019	**6,452**	**245,559**	**825,268**	**8,993**	**15,252**	**3,195**	**202,318**	**1,307,037**
Accumulated depreciation								
At 1 January 2018	8,028	9,493	35,687	3,334	10,748	3,330	-	70,620
Charge for the year	199	449	1,741	58	411	-	-	2,858
Eliminated on disposals	(1,775)	(64)	(1,725)	(24)	(1,493)	(135)	-	(5,216)
At 31 December 2018	6,452	9,878	35,703	3,368	9,666	3,195	-	68,262
At 1 January 2019	6,452	9,878	35,703	3,368	9,666	3,195	-	68,262
Charge for the year	-	3,045	16,935	798	1,236	-	-	22,014
Eliminated on disposals	-	-	(856)	(1,718)	(1,327)	-	-	(3,901)
At 31 December 2019	**6,452**	**12,923**	**51,782**	**2,448**	**9,575**	**3,195**	**-**	**86,375**
Carrying amount								
At 31 December 2019	-	**232,636**	**773,486**	**6,545**	**5,677**	-	**202,318**	**1,220,662**
At 31 December 2018	-	5,329	2,887	345	2,447	-	57,616	68,624

7 PROPERTY, PLANT AND EQUIPMENT continued

At 31 December 2019, capital work in progress mainly comprises costs incurred towards construction of district cooling plant and construction of a new factory in Dubai Investment Park (2018: towards constructing a new factory in Dubai Investment Park).

During the year ended 31 December 2019, the Group capitalised finance costs related to its bank loans of AED 2,100 thousand (2018: 487 thousand). The capitalisation rate used to determine these finance costs was EIBOR + 3%.

Plant and equipment with a carrying value of AED 592,296 thousand (2018: nil) are mortgaged as security against bank borrowing (note 18).

	2019	*2018*
	AED'000	*AED'000*
Cost of revenue (note 22)	**19,998**	2,041
General and administrative expenses (note 23)	**1,928**	697
Selling and distribution expenses (note 24)	**88**	120
	22,014	2,858

8 INTANGIBLE ASSETS AND GOODWILL

	Goodwill	*Concession rights*	*Customer relationship*	*Customer contracts*	*Others*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
At 1 January 2019	-	-	-	-	-	-
Relating to business combinations (note 6)	**30,781**	**80,000**	**166,893**	**84,800**	**127**	**362,601**
Additions during the year	-	-	-	-	**322**	**322**
Amortisation during the year	**-**	**(1,802)**	**(5,511)**	**(3,533)**	**(89)**	**(10,935)**
At 31 December 2019	**30,781**	**78,198**	**161,382**	**81,267**	**360**	**351,988**

Goodwill

Goodwill primarily comprises sales growth, new customers and expected synergies arising from the acquisitions. Goodwill is allocated to respective cash generating units. Management has assessed that no impairment loss is required to be recognised against goodwill at the reporting date.

Customer contracts and customer relationship

These represent long term non-cancellable contracts with customers and non-contractual relationships which were acquired during the year (note 6) and meet the criteria for recognition as intangible assets under IAS 38.

Concession rights

In December 2018, a subsidiary acquired rights and obligations attached to district cooling concessional contract relating to part of the Sector 4, Reem Island Development Area, Abu Dhabi for AED 80 mn to provide district cooling services to customers in concession area developed by Tamouh. An amount of AED 58.6 mn has been settled and the remaining balance is payable on demand. The duration of the contract is 35 years from the date of commencement of original contract.

9 INVESTMENT PROPERTIES

	Land	*Building*	*Total*
	AED'000	*AED'000*	*AED'000*
2019			
Cost:			
At 1 January 2019	97,438	68,415	165,853
Disposals during the year	(97,438)	-	(97,438)
At 31 December 2019	**-**	**68,415**	**68,415**
Accumulated depreciation:			
At 1 January 2019	-	67,673	67,673
Charge for the year	-	414	414
At 31 December 2019	**-**	**68,087**	**68,087**
Net carrying amount:			
At 31 December 2019	**-**	**328**	**328**
2018			
Cost:			
At 1 January and 31 December 2018	97,438	68,415	165,853
Depreciation:			
At 1 January 2018	-	67,260	67,260
Charge for the year	-	413	413
At 31 December 2018	-	67,673	67,673
Net carrying amount:			
At 31 December 2018	97,438	742	98,180

The fair value of investment property was determined by using discounted cash flow model prepared internally by the management as of 31 December 2019. The fair value of the investment property is not lower than the carrying value. The fair value of the investment property as at 31 December 2019 is estimated to be around AED 14 mn (2018: AED 30 mn). Assumption used by the management are constant future cash flows and discount rate of 10% per annum For disclosure purpose these investment properties are being considered as level 3.

During the year, the Group entered into an agreement for the sale of plots of land located in the Meena area, Abu Dhabi for a consideration of AED 250 mn. This resulted in a gain of AED 152,562 thousand. The Group has recorded revenue from sale of land of AED 250,000 thousand (note 21) and cost of revenue of AED 97,438 thousand (note 22) as the performance obligations stipulated in the agreement were satisfied before 31 December 2019. The legal formalities are yet to be completed at the reporting date.

10 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*	
Associates			***2019***	*2018*
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%
Joint ventures				
Lazio Real Estate Investment LLC	Real estate enterprise investment, development, institution and management	.U.A.E	**65%**	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	.U.A.E	**65%**	65%

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

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

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

	2019	*2018*
	AED'000	*AED'000*
Balance at 1 January	**12,928**	8,815
Acquisition during the year	**-**	3,486
Disposal during the year*	**(3,864)**	-
Group's share in profit for the year (note 25)	**4,776**	7,062
Dividend received during the year	**(6,509)**	(6,435)
Balance at 31 December	**7,331**	12,928

* Gain on derecognition of associate following acquisition of additional interest resulting in control is as follows:

	2019
	AED'000
Fair value of equity interest (note 6.1)	**9,359**
Less: carrying value of associate	**(3,864)**
Fair value gain on previously held equity interest (note 25)	**5,495**

10 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:

	2019	2018
	AED'000	AED'000
Total assets	22,595	92,709
Total liabilities	(8,603)	(51,211)
Net assets	13,992	41,498
Group's share of net assets of associates and joint ventures	7,331	12,928
Total revenue	32,873	144,401
Total profit for the year	9,669	13,307
Group's share in associates and joint ventures	4,776	7,062

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	AED'000	AED'000
Quoted	2,127	1,787
Unquoted	41,056	21,081
	43,183	22,868
In U.A.E. markets	43,183	22,868

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 recognizing 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 realizing their performance potential in the long run.

The unquoted investment is recorded at fair value using income approach. Valuation technique used to fair value is disclosed in note 30.

Movement in financial assets at FVTOCI during the year was as follows:

	2019	2018
	AED'000	AED'000
Balance at 1 January	22,868	12,936
Investments acquired during the year	19,589	10,942
	42,457	23,878
Net fair value gain (loss) on investments at FVTOCI during the year	726	(1,010)
	43,183	22,868

12 INVENTORIES

	2019 AED'000	2018 AED'000
Fish and fish products	44,328	34,701
Animal feed	58,940	-
Poultry products	**3,889**	-
Food and non-food items	**6,213**	-
Other finished goods	**4,749**	-
Packing and raw material	**9,093**	2,589
Spares and consumables	**751**	-
	127,963	37,290
Less: allowance for slow moving inventories	**(2,430)**	(740)
Goods in transit	**12,291**	563
	137,824	37,113

Movement in allowance for slow moving inventories is as follows:

	2019 AED'000	2018 AED'000
Balance at 1 January	**740**	336
Acquired in business combinations	**1,444**	-
Change for the year	**246**	404
Balance at 31 December	**2,430**	740

13 TRADE AND OTHER RECEIVABLES

	2019 AED'000	2018 AED'000
Trade receivables	**377,688**	121,704
Less: allowance for expected credit loss	**(29,915)**	(14,456)
	347,773	107,248
Contract assets from customers	**30,334**	36,972
	378,107	144,220
Retention receivables	**11,511**	7,713
Prepayments	**9,039**	1,154
Due from security markets	**5,445**	-
Margin receivables *	**118,862**	-
Accrued interest receivable	**-**	3,367
Advances to suppliers and sub-contractors	**32,123**	21,384
Deposits and other receivables	**61,850**	10,076
	616,937	187,914

13 TRADE AND OTHER RECEIVABLES continued

* Margin receivable relate to net receivable from customers from margin trading services. Margin trading is the funding by the Group of a proportion of the market value of the securities financed on a margin, and are secured by the securities available in the margin trading account as a collateral. As at 31 December 2019, due from customers and due from security markets are neither past due nor impaired.

Contract assets from customers:

	2019	*2018*
	AED'000	*AED'000*
Contracts costs incurred plus recognised profits		
less recognised losses to date	**396,830**	293,764
Progress billings to date	**(359,118)**	(249,672)
	37,712	44,092
Less: allowance against due from customers for contract work	**(7,378)**	(7,165)
	30,334	36,927

The average credit period on sale of goods and rendering of services is 60 - 90 days. No interest is charged on the outstanding trade receivables.

The Group measures the loss allowance for trade receivables, contract assets and other receivable at an amount equal to lifetime ECL. The expected credit losses on financial assets and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Below is the information about the credit risk exposure on the Group's trade receivables:

	Total	*Not past due*	*<30 days*	*31-60 days*	*>60 days*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*
31 December 2019					
Expected credit loss rate		**0-5%**	**1-13%**	**3-41%**	**4-100%**
Estimated total gross carrying amount at default	**377,688**	**194,135**	**68,741**	**24,020**	**90,792**
Life time ECL	**29,915**	**6,244**	**3,045**	**1,219**	**19,407**
31 December 2018					
Expected credit loss rate		3%	7%	21%	58%
Estimated total gross carrying amount at default	121,704	89,331	11,916	2,473	17,984
Life time ECL	14,411	2,624	785	514	10,488

The movement in the allowance for expected credit loss against trade receivables during the year is as follows:

	2019	*2018*
	AED'000	*AED'000*
Balance at 1 January	**14,411**	6,946
Adjustment upon application of IFRS 9	**-**	5,482
Acquired in business combinations	**8,746**	-
Charge for the year (note 23)	**8,266**	2,311
Reversals during the year	**(1,259)**	-
Allowance written off during the year	**(249)**	(328)
Balance at 31 December	**29,915**	14,411

The movement in the allowance for expected credit loss against contract assets during the year is as follows:

	2019	2018
	AED'000	AED'000
Balance at 1 January	**7,165**	7,120
Adjustment upon application of IFRS 9	**-**	45
Charge for the year (note 23)	**213**	
Balance at 31 December	**7,378**	7,165

There has not been any significant change in the gross amounts and movements in lifetime ECL for of trade receivables and contract assets that has affected the estimation of the loss allowance as of 31 December 2019.

14 CASH AND CASH EQUIVALENTS

	2019	2018
	AED'000	AED'000
Cash on hand	**1,164**	258
Bank balances:		
Current and call accounts	**1,134,068**	22,855
Term deposits	**170,007**	270,437
Adjustment upon application of IFRS 9	**-**	(54)
Less: allowance for expected credit loss	**(54)**	-
	1,305,185	293,496
Less fixed deposits with a maturity of more than three months	**(20,332)**	(201,724)
Cash and cash equivalents	**1,284,853**	91,772

Term deposits are placed with commercial banks. These are mainly denominated in the UAE Dirhams and earn interest at market rates. These deposits have original maturity between 1 to 12 months.

15 SHARE CAPITAL

	2019	2018
	AED'000	AED'000
Authorised issued and fully paid		
1,821 mn shares of AED 1 each		
(31 December 2018: 510 mn shares of AED 1 each)	**1,821,429**	510,000

During the year, the Company issued additional 1,311,428,571 shares of AED 1 each to acquire PAL Cooling Holding LLC group (note 6).

16 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.

17 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2019	2018
	AED'000	AED'000
At 1 January	**16,900**	15,664
Acquired in business combinations (note 6)	**35,681**	-
Charge for the year	**5,125**	2,882
Paid during the year	**(8,338)**	(1,646)
Transfers	**176**	-
At 31 December	**49,544**	16,900

18 BANK BORROWINGS

	2019 AED'000	2018 AED'000
Term loan 1	**55,022**	28,644
Term loan 2	**53,771**	-
Term loan 3	**40,998**	-
Term loan 4	**197,653**	-
Term loan 5	**33,277**	-
Term loan 6	**9,246**	-
Term loan 7	**4,115**	-
Term loan 8	**344**	-
Other loan	**9,992**	-
Short term loan	**40,454**	
	444,872	28,644

Disclosed in the consolidated statement of financial position as follows:

	2019 AED'000	2018 AED'000
Non-current portion	**326,937**	25,144
Current portion	**117,935**	3,500
	444,872	28,644

Term loan 1

Term loan 1 was obtained by a subsidiary in 2017 from a commercial bank in the UAE amounting to AED 71.3 mn to finance the construction of a new factory for the processing of frozen and fresh sea food. The principal is repayable in quarterly instalments of AED 3.5 mn each starting 30 June 2020. The loan carries interest at variable market rates plus a spread. The cumulative drawdown is AED 55 mn on the loan as of the reporting period. Borrowing cost included in the cost of qualifying assets amounted to AED 2,179,544. The loan is secured by the corporate guarantee of another subsidiary and is mortgaged over the factory under construction.

Term loan 2

Term loan 2 was obtained by a subsidiary in March 2013 from a commercial bank in the UAE with a total limit of AED 92 mn to finance 50% of the total cost of the Abu Dhabi National Exhibitions Company (ADNEC) District Cooling Plant project in Abu Dhabi. The principal is repayable in 15 semi-annual instalments of AED 7.7 mn each starting from 31 December 2016 till 30 June 2023 and a bullet payment of the residual amount in December 2023. The loan carries interest at variable market rates plus a spread. The loan is secured against plant and machinery are mortgaged in favour of local financial institutions and commercial banks as security against financing facilities obtained.

Term loan 3

Term loan 3 was obtained by a subsidiary from a commercial bank in the UAE amounting to AED 40.9 mn. The principal is repayable in six annual instalments starting from 31 December 2023. The loan carries interest at fixed rate, repayable in twelve annual interest payments starting 31 December 2018. The loan is secured by the registered mortgage over the Musataha rights granted to the subsidiary in respect of district cooling plot, pledge over the equipment that has been installed at capital center - Phase 4 District Cooling Project and subordination of Royal Group of Companies LLC loan for AED 36.8 mn

Term loan 4

Term loan 4 by was obtained by a subsidiary from a commercial bank in the UAE amounting to AED 197.6 mn for financing construction of district cooling plants. In the year 2016, the loan was restructured, including revision of interest rates (margins) based on variable market rates. The restructured term loan is repayable in 8 annual instalments with a bullet payment of the residual amount to be paid on 31 December 2024. The loan is secured by way of a personal guarantee from the shareholders of the Group and by a mortgage over the property constructed.

Term loan 5

Term Loan 5 was obtained by a subsidiary from a commercial bank in the UAE with a total limit of AED 46.5 mn to finance 60% of the total cost of the Saraya District Cooling Plant project in Abu Dhabi. The loan is repayable in 16 semi-annual instalments starting from 30 June 2017 till 30 June 2024 and a bullet payment of the residual amount in December 2024. The loan carries interest at variable market rates plus a spread. The loan is secured against plant and machinery are mortgaged in favour of local financial institutions and commercial banks as security against financing facilities obtained.

18 BANK BORROWINGS continued

Term loan 6

Term Loan 6 loan was obtained by a subsidiary from a commercial bank in the UAE with a total limit of AED 33.3 mn to finance the District Cooling Plant (DCP) Phase I at Danat. The loan is repayable in 7 half yearly instalments of AED 4.75 mn each starting from 30 June 2017 till 30 June 2020 and a bullet payment of the residual amount in December 2020. The loan carries interest at variable market rates plus a spread. The loan is secured by the registered mortgage over plant, machineries and equipment of District Cooling Plant at Danat, in favour of the bank and an irrevocable Corporate Guarantee of a related party covering the overall facility.

Term loan 7

Term loan 7 was obtained by a subsidiary from a financial institution to purchase equipment. The loan is repayable in quarterly installments maturing in August 2021. The loan carries interest at fixed rate. The loan is secured by equipment of the subsidiary.

Term loan 8

Term loan 8 was obtained by a subsidiary from a financial institution to purchase equipment. The loan is repayable in monthly installments maturing in August 2024. The loan carries interest at variable market interest rate. The loan is secured by equipment of the subsidiary.

Other loan

Other loan was obtained by a subsidiary from Al Dar Properties PJSC in July 2013 and was novated to another subsidiary upon incorporation, without any changes to the terms and conditions of the original loan agreement. The loan was obtained for construction of district cooling plant. The loan does not carry any interest and was initially recognised at fair value, which is equal to the present value of the expected future cash flows discounted using the average rate of interest applicable to internal borrowings and is repayable in 8 yearly instalments commencing on I April 2016 and ending on I April 2023. The loan is secured against plant and machinery are mortgaged in favour of local financial institutions and commercial banks as security against financing facilities obtained.

Short term loan

A subsidiary has an AED 44 mn (USD 12 mn) short term loan with a lender. At the reporting date, the balance of the short term loan totaled AED 35 mn. Short term loan bears interest at variable market rates plus a spread. Short term loan matures on 30 June 2020 and is secured against property and equipment of the subsidiary and corporate guarantees of the shareholders.

Movement in bank borrowings during the year is as follows:

	2019	*2018*
	AED'000	*AED'000*
Balance at 1 January	**28,644**	1,105
Acquired in business combinations (note 6)	**422,889**	-
Drawdowns during the year	**31,525**	27,539
Repayments during the year	**(38,186)**	
	444,872	28,644

Amounts are repayable as follows:

	2019	*2018*
	AED'000	*AED'000*
Within 1 year	**117,935**	-
Between 1 - 2 years	**128,737**	-
Between 2 - 5 years	**188,700**	3,500
More than 5 years	**9,500**	25,144
	444,872	28,644

19 TRADE AND OTHER PAYABLES

	2019	2018
	AED '000	AED '000
Trade payables	**581,827**	70,871
Advances from customers	**13,967**	15,876
Deferred rental income	**5,795**	104
Retention payable	**20,576**	8,946
Accruals and other payables	**239,547**	52,685
	861,712	148,482

The Group's trade and other payables have usual credit terms of 30 to 90 days from the invoice date.

20 OTHER LONG TERM LIABILITIES

	2019	2018
	AED '000	AED '000
Deferred revenue	**45,522**	-
Advances from customers	**33,083**	-
Deferred rental income	**15,385**	-
Other non current payables	**67,423**	-
	161,413	-

21 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.

	2019	2018
	AED '000	AED '000
Fish and food products revenue	**626,849**	369,320
Sale of land (note 9)	**250,000**	-
District cooling	**119,311**	-
Maintenance and service revenue	**112,901**	33,855
Construction contract revenue	**105,350**	94,020
Landscaping and agriculture revenue	**23,623**	46,516
Labour camp management and other related revenue	**17,157**	26,530
Others	**3,882**	-
	1,259,073	570,241
Timing of revenue recognition		
Revenue at a point in time	**949,313**	369,320
Revenue over time	**309,760**	200,921
	1,259,073	570,241
Geographical markets		
UAE	**962,190**	369,320
Outside UAE	**296,883**	200,921
	1,259,073	570,241

Revenue expected to be recognized in the future related to performance obligation that are unsatisfied or partially unsatisfied.

21 REVENUE continued

	2019	2018
	AED '000	AED '000
Within one year	**3,914**	-
After one but no more than five years	**7,781**	-
More than five years	**37,741**	-
	49,436	-

22 COST OF REVENUE

	2019	2018
	AED '000	AED '000
Fish and food products cost	**465,093**	323,053
Direct materials and charges	**147,373**	50,758
Subcontracting and maintenance costs	**96,570**	84,648
Cost of land	**97,438**	-
Staff costs	**76,184**	30,346
Depreciation (note 7)	**19,998**	2,041
Others	**17,769**	68
	920,425	490,914

23 GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	AED '000	AED '000
Salaries and wages	**56,711**	28,012
Management fees (note 26)	**6,220**	5,341
Rent, utilities and communication	**6,630**	4,162
Government fees, professional and legal expenses	**16,839**	9,294
Allowance for expected credit loss (note 13)	**8,266**	2,311
Depreciation (note 7)	**1,928**	697
Other expenses	**23,041**	7,801
	119,635	57,618

24 SELLING AND DISTRIBUTION EXPENSES

	2019	2018
	AED '000	AED '000
Salaries and wages	**14,083**	11,102
Sales promotion and marketing	**13,619**	6,237
Rent, utilities and communication	**3,957**	4,502
Freight and direct sales expenses	**6,706**	3,808
Depreciation (note 7)	**88**	120
Other expenses	**3,185**	5,692
	41,638	31,461

25 INVESTMENT INCOME AND OTHER INCOME

	2019	2018
	AED '000	AED '000
Interest and dividends income	**15,492**	11,296
Royalty income	**1,024**	1,937
Rental income	**3,659**	3,660
Gain on disposal of property, plant and equipment	**36**	640
Commission income	**1,079**	-
Change in fair value of biological assets	**670**	(535)
Fair value gain on revaluation of previously held equity interest (note 10)	**5,495**	-
Share of profit from associates and joint ventures (note 10)	**4,776**	7,062
Others	**17,552**	3,387
	49,783	27,447

26 RELATED PARTY TRANSACTIONS AND BALANCES

These represent transactions with related parties, i.e. shareholders, associates, affiliates, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

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

	2019 AED'000	2018 AED'000
Due from related parties (entities under common control):		
Pal Technology Services L.L.C	**34,306**	34,393
Meena Palace L.L.C	**25,752**	-
AFKAR Financial & Property Investment LLC	**21,765**	-
RG Procurement RSC LTD	**15,170**	14,816
International Golden Company LLC	**8,110**	-
Meena Holdings LLC	**6,465**	6,188
Al Yasat Catering and Restaurant Supplies LLC	**4,542**	-
Three 60 Estate management	**3,463**	-
Pal Group of Companies	**3,306**	-
Royal Group – Corporate Office	**1,582**	-
Paragon Mall LLC	**1,169**	-
Multiply Marketing Consultancy LLC	**812**	-
TSL Properties LLC	**774**	-
PAL 4 Solar Energy	**582**	-
Affiliates	**59,691**	-
Others	**14,664**	12,772
Allowance for expected credit loss	**(1,305)**	(842)
	200,848	67,327
Due to related parties (entities under common control):		
Trojan General Contracting LLC	**27,415**	-
Al Tamouh Investments Company LLC	**15,673**	-
Pal Technology Services LLC	**10,045**	-
National Projects and Construction L.L.C	**9,743**	4,000
Al Maha Modular Industries LLC	**6,512**	-
Royal Group Management LLC	**2,611**	452
Royal Group Procurements RSC LTD	**1,478**	-
Al Jaraf Travel & Tourism	**1,121**	230
Multiply Marketing Consultancy LLC	**752**	-
Hi-Tech Concrete Projects LLC	**563**	2,750
Others	**103,226**	252
	179,139	7,684
Loan to a related party	**1,200**	1,200

26 RELATED PARTY TRANSACTIONS AND BALANCES continued

The Group has granted loan to a key management personnel amounting to AED 1.2 mn which is unsecured and non-interest bearing and due on 31 December 2020.

	2019 AED'000	2018 AED'000
Loan from a related party	**-**	3,145

The loan from a related party was non-interest bearing and repaid in full during the year.

26 RELATED PARTY TRANSACTIONS continued

During the year, the Group entered into the following transactions with related parties (entities under common control):

	2019	2018
	AED '000	AED '000
Revenue	**115,635**	59,969
Purchases	**32,622**	41,097
General and administrative expenses	**2,241**	3,081
Interest income	**636**	-

Key management remuneration

	2019	2018
	AED '000	AED '000
Salaries and other benefits – short term	**8,729**	10,866
End of service benefits – long term	**159**	231
Management fees (note 23)	**6,220**	5,341

27 BASIC EARNINGS PER SHARE

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

	2019	2018
Profit attributable to owners of the Company (AED '000)	**505,560**	18,451
Weighted average number of shares (shares in '000)	**1,165,715**	510,000
Basic earnings per share for the year (AED)	**0.43**	0.04

28 CONTINGENT LIABILITIES AND COMMITMENTS

	2019	2018
	AED'000	AED'000
Contingent liabilities		
Letters of guarantee	**173,376**	76,343
Letters of credit	**55,254**	26,392
Commitments for capital expenditure	**205,268**	44,419

29 TAXATION

The Group's subsidiaries in United States of America and Spain are subject to taxation. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years. The Group is not subject to income tax in the UAE. Providing the product of the consolidated accounting profit multiplied by the applicable tax rates is therefore not meaningful. The consolidated accounting profit has been reconciled to the accounting profit attributable to tax and the reconciliation between tax expense and the product of accounting profit attributable to tax multiplied by effective income tax rate for the year ended 31 December as follows:

	2019	*2018*
	AED'000	*AED'000*
Accounting profit before tax	**506,200**	20,185
Income not subject to tax	**(505,467)**	(20,185)
Accounting profit subject to tax	**733**	-
At effective tax rate of 16% (2018: nil)	**119**	-
Temporary differences	**354**	-
Others	**102**	-
Income tax charge reported in the consolidated statement of profit or loss	**575**	

29 TAXATION continued

The major components of income tax expenses are as follows:

	2019	*2018*
	AED'000	*AED'000*
Current income tax:		
Current income tax charge – current year	**119**	-
Deferred income tax:		
Timing differences – current year	**456**	-
Income tax expense reported in the statement of comprehensive income	**575**	-

As at 31 December 2019, the Group had no uncertain tax positions (2018: same)

Amounts reported in the consolidated statement of financial position are as follows:

	2019	*2018*
	AED'000	*AED'000*
Deferred tax assets	**1,143**	-
Deferred tax liabilities	**1,599**	-
	456	-
Provision for income tax (recorded under trade and other payables)	**119**	-

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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 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).

30 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

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.

	Fair value as at 2019 AED'000	*Fair value as at 2018 AED'000*	*Fair value hierarchy*	*Valuation techniques and key inputs*	*Significant unobservable input*	*Unobservable inputs to fair value*
Quoted equity investments – financial assets at fair value through other comprehensive income	**2,127**	1,787	Level 1	Quoted bid prices in an active market.	None	NA
Unquoted equity investments – financial assets at fair value through other comprehensive income	**41,056**	21,081	Level 3	Discounted cash flow method.	Net asset value	Higher the net assets value of the investees, higher the fair value.
Biological assets*	**1,206**	1,504	Level 2	Significant observable inputs	None	NA

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

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

30 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

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.

31 SEGMENTAL ANALYSIS

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

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

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

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

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

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

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

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

31 SEGMENTAL ANALYSIS continued

	District cooling		Contracting/ real estate		Digital	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Revenue	119,311	-	440,449	200,921	68,582	-
Cost of sales	(65,683)	-	(261,501)	(167,861)	(42,822)	-
Gross profit	53,628	-	178,948	33,060	25,760	-
S&D expenses	-	-	-	-	-	-
G&A expenses	(5,799)	-	(26,653)	(27,247)	(8,146)	-
Operating profit (loss)	47,829	-	152,295	5,813	17,614	-
Investment income	-	-	14,692	13,487	4,331	-
Gain on acquisition of subsidiary	-	-	-	-	-	-
Other in/exp	6,975	-	6,202	3,712	15	-
Finance costs	(9,347)	-	(798)	-	(646)	-
Income tax	-	-	-	-	-	-
Profit (loss) for the year	45,457	-	172,391	23,012	21,314	-
Add: depreciation and amortisation	15,041	-	1,789	1,743	1,681	-
Add: finance costs	9,347	-	798	-	646	-
Add: income tax	-	-	-	-	-	-
Less: gain on acquisition of subsidiary	-	-	-	-	-	-
EBITDA	69,845	-	174,978	24,755	23,641	-
Segment assets	964,043	-	561,534	573,329	397,665	-
Equity	470,496	-	458,511	453,050	259,231	-
Segment liabilities	493,547	-	103,019	120,279	138,434	-

	Industrial		Food		Capital		Others		Total	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Revenue	29,141	-	597,708	369,320	3,882	-	-	-	1,259,073	570,241
Cost of sales	(24,027)	-	(526,392)	(323,053)	-	-	-	-	(920,425)	(490,914)
Gross profit	5,114	-	71,316	46,267	3,882	-	-	-	338,648	79,327
S&D expenses	-	-	(41,638)	(31,461)	-	-	-	-	(41,638)	(31,461)
G&A expenses	(4,120)	-	(43,874)	(30,371)	(2,233)	-	(28,810)	-	(119,635)	(57,618)
Operating profit (loss)	994	-	(14,196)	(15,565)	1,649	-	(28,810)	-	177,375	(9,752)
Investment income	-	-	5,534	4,336	1,283	-	591	-	26,431	17,823
Gain on acquisition of subsidiary	-	-	-	-	-	-	293,000	2,490	293,000	2,490
Other in/exp	1,215	-	8,759	5,912	186	-	-	-	23,352	9,624
Finance costs	(53)	-	(2,640)	-	(342)	-	(132)	-	(13,958)	-
Income tax	-	-	(575)	-	-	-	-	-	(575)	-
Profit (loss) for the year	2,156	-	(3,118)	(5,317)	2,776	-	264,649	2,490	505,625	20,185
Add: depreciation and amortisation	162	-	8,812	1,115	139	-	7,772	-	35,396	2,858
Add: finance costs	53	-	2,640	-	342	-	132	-	13,958	-
Add: income tax	-	-	575	-	-	-	-	-	575	-
Less: gain on acquisition of subsidiary	-	-	-	-	-	-	(293,000)	-	(293,000)	-
EBITDA	2,371	-	7,759	(4,202)	3,257	-	(20,447)	2,490	261,404	23,043
Segment assets	206,035	-	848,131	217,825	684,435	-	316,306	-	3,978,149	791,154
Equity	152,666	-	504,480	133,249	135,731	-	213,794	-	2,194,909	586,299
Segment liabilities	53,370	-	343,651	84,576	548,704	-	102,515	-	1,783,240	204,855

32 FINANCIAL RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the year.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and short term deposits. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

	2019	*2018*
	AED'000	*AED'000*
Bank borrowings	**444,872**	28,644
Lease liabilities	**85,666**	-
Loan from a related party	-	3,145
Bank balances and cash	**(1,305,185)**	(293,496)
Net debt	**(774,647)**	(261,707)
Equity	**2,172,481**	577,030
Debt/equity ratio	**-**	-

32 FINANCIAL RISK MANAGEMENT continued

Financial risk management objectives

The Group is exposed to the following risks related to financial instruments – market risk (including foreign exchange risk, price risk and cash flow risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to optimise potential adverse effects on the Group's financial performance.

Market risk management

Foreign exchange risk

The Group does not have any significant exposure to currency risk as most of its monetary assets and liabilities are denominated in UAE Dirhams or in US Dollars, the latter being pegged to the UAE Dirham.

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified in the consolidated statement of financial position as financial assets at fair value through other comprehensive income. The Group's investment portfolio amounted to AED 43,183 thousand (2018: AED 22,868 thousand). At the reporting date if the prices of investments were 5% higher/ lower with all other variables held constant, the Group's equity would have increased/decreased by AED 2,159 thousand (2018: 1,143 thousand).

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates and bank deposits. At 31 December 2019, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, profit for the year would have been AED 4.4 mn (2018: AED 286 thousand) lower/ higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk management

Credit risk is managed on Group basis, except for credit risk relating to accounts receivables balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. Individual risk limits are based on management's assessment on a case by case basis. The utilisation of credit limits is regularly monitored. The Group's policy is to place cash and cash equivalents and short terms deposits with reputable banks and financial institutions.

There are no significant concentrations of credit risk within the Group. There are policies in place to ensure that services are rendered to customers with an appropriate credit history. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk management

Liquidity risk is the risk that the Group will be unable to meet its funding requirements. The maturity profile of financial liabilities is monitored by management to ensure adequate liquidity is maintained.

32 FINANCIAL RISK MANAGEMENT continued

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group Finance. The Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debts financing plans, covenant compliance and compliance with internal consolidation statement of financial position targets.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	On demand	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*More than 5 years*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
At 31 December 2019						
Bank borrowings	**-**	**-**	**118,039**	**341,554**	**9,671**	**469,264**
Lease liabilities	**-**	**-**	**8,828**	**84,199**	**-**	**93,027**
Due to related parties	**-**	**179,139**	**-**	**-**	**-**	**179,139**
Accounts payable and accruals	**58,600**	**388,613**	**394,746**	**-**	**-**	**841,959**
Other non-current liabilities	**-**	**-**	**-**	**67,423**	**-**	**67,423**
Total	**58,600**	**567,752**	**521,613**	**493,176**	**9,671**	**1,650,812**
At 31 December 2018						
Bank borrowings	-	-	-	3,500	25,144	28,644
Due to related parties	-	7,684	-	-	-	7,684
Loan from a related party	-	360	1,080	1,705	-	3,145
Trade and other payables	-	-	132,502	-	-	132,502
Total	-	8,044	133,582	5,205	25,144	171,975

33 DIVIDENDS

During the current year, the Group declared dividends attributable to non-controlling interest amounting to AED 3,780 thousand (2018: AED 4,000 thousand).

34 SUBSEQUENT EVENTS

On 12 November 2019, the Group's Board of Directors resolved to approve the acquisition of the following entities:

(i) Al Tamouh Investments Company LLC – 100% equity interest

(ii) Pure Health Medical Supplies LLC – 31% equity interest

The acquisition of Al Tamouh Investments Company LLC was completed on 17 February 2020 and was accounted as a business combination of entities under common control using the pooling of interest method.

The acquisition of Pure Health Medical Supplies LLC was completed on 11 February 2020 and was accounted as an investment in associate using the equity method.

On 02 February 2020 the Group's Board of Directors resolved to approve the acquisitions of 6,000,000 shares representing 20% of issued share capital of Emirates Refreshment Company. The acquisition was completed on 11 February 2020.

International
Holdings
Company
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