

International Holding Company PJSC

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

THREE MONTHS PERIOD ENDED 31 MARCH 2021

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

Introduction

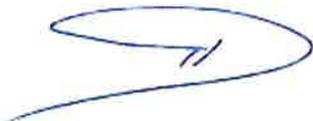
We have reviewed the accompanying interim condensed consolidated financial statements of International Holding Company PJSC (the “Company”) and its subsidiaries (together referred to as the “Group”) as at 31 March 2021, comprising of the interim consolidated statement of financial position as at 31 March 2021, and the related interim consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects in accordance with IAS 34, “*Interim Financial Reporting*”.



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

5 May 2021
Abu Dhabi

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

		<i>(Unaudited)</i>	<i>(Audited)</i>
		<i>31 March</i>	<i>31 December</i>
		<i>2021</i>	<i>2020</i>
	<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,721,455	1,566,985
Intangible assets and goodwill		367,409	507,404
Right-of-use assets		190,626	88,431
Investment properties	5	1,370,034	1,293,721
Investment in associates and joint ventures	6	311,315	438,733
Investments in financial assets carried at fair value through other comprehensive income	7.1	561,582	447,057
Trade and other receivables		284,961	267,011
Due from related parties	15.1	4,706	4,706
Loan to a related party	15.1	1,200	1,200
Deferred tax assets		<u>3,721</u>	<u>38</u>
		<u>4,817,009</u>	<u>4,615,286</u>
Current assets			
Inventories	9	487,257	448,212
Development work in progress	10	683,105	680,312
Biological assets		5,582	5,480
Investment in financial assets carried at fair value through profit or loss	7.2	931,051	622,525
Due from related parties	15.1	344,730	344,738
Trade and other receivables		6,327,944	2,713,264
Cash and bank balances	11	<u>5,157,537</u>	<u>3,665,334</u>
		13,937,206	8,479,865
Assets held for sale	8	<u>917,129</u>	<u>917,129</u>
		<u>14,854,335</u>	<u>9,396,994</u>
TOTAL ASSETS		<u>19,671,344</u>	<u>14,012,280</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,821,429	1,821,429
Merger reserve		2,282,580	2,119,615
Statutory reserve	14	332,085	332,085
Cumulative changes on revaluation of investments		87,671	49,322
Currency translation reserve		1,216	969
Retained earnings		<u>4,478,099</u>	<u>3,145,427</u>
Equity attributable to owners of the Company		9,003,080	7,468,847
Non-controlling interests		<u>622,463</u>	<u>353,086</u>
Total equity		<u>9,625,543</u>	<u>7,821,933</u>

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued At 31 March 2021

		<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
	<i>Notes</i>		
EQUITY AND LIABILITIES continued			
Non-current liabilities			
Employees' end of service benefit		123,103	114,889
Lease liabilities		163,469	72,559
Borrowings		743,040	743,053
Trade and other payables		156,490	219,882
Due to related parties	15.1	118,055	125,082
Deferred tax liabilities		<u>2,634</u>	<u>795</u>
		<u>1,306,791</u>	<u>1,276,260</u>
Current liabilities			
Due to related parties	15.1	647,847	656,673
Lease liabilities		31,516	15,950
Borrowings		273,001	183,106
Trade and other payables		<u>7,543,663</u>	<u>3,815,375</u>
		8,496,027	4,671,104
Liabilities directly associated with assets held for sale	8	<u>242,983</u>	<u>242,983</u>
		<u>8,739,010</u>	<u>4,914,087</u>
Total liabilities		<u>10,045,801</u>	<u>6,190,347</u>
TOTAL EQUITY AND LIABILITIES		<u>19,671,344</u>	<u>14,012,280</u>



Chief Financial Officer



Managing Director



Director

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

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three months period ended 31 March 2021

	<i>Notes</i>	<i>Three months period ended 31 March</i>	
		<i>2021 AED'000</i>	<i>2020 AED'000</i>
Revenue	16	2,276,296	713,104
Cost of revenue		<u>(1,322,319)</u>	<u>(507,717)</u>
GROSS PROFIT		953,977	205,387
General and administrative expenses		(195,515)	(83,766)
Selling and distribution expenses		(25,810)	(28,873)
Share of profit from investment in associates and joint ventures	6	442,094	13,524
Investment and other income		321,699	14,268
Gain on acquisition of subsidiaries	12.2	5,273	-
Gain on disposal of a subsidiary	12.3	6,411	-
Finance costs		<u>(12,627)</u>	<u>(8,508)</u>
Profit before tax		1,495,502	112,032
Income tax benefit for the period		<u>65</u>	<u>186</u>
PROFIT FOR THE PERIOD		<u>1,495,567</u>	<u>112,218</u>
Attributable to:			
Owners of the Company		1,332,672	112,194
Non-controlling interests		<u>162,895</u>	<u>24</u>
PROFIT FOR THE PERIOD		<u>1,495,567</u>	<u>112,218</u>
Basic earnings per share (AED)	17	<u>0.73</u>	<u>0.06</u>

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

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months period ended 31 March 2021

		<i>Three months period ended 31 March</i>	
	<i>Note</i>	<i>2021 AED'000</i>	<i>2020 AED'000</i>
PROFIT FOR THE PERIOD		1,495,567	112,218
Other comprehensive income (loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange difference on translation of foreign operations		286	(1,095)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in the fair value of financial assets carried at fair value through other comprehensive income	7.1	<u>38,349</u>	<u>(7,082)</u>
Total other comprehensive income (loss)		<u>38,635</u>	<u>(8,177)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,534,202</u>	<u>104,041</u>
Attributable to:			
Owners of the Company		1,371,268	104,236
Non-controlling interests		<u>162,934</u>	<u>(195)</u>
		<u>1,534,202</u>	<u>104,041</u>

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

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months period ended 31 March 2021

	<i>Attributable to equity holders of the Company</i>								
	<i>Share capital</i>	<i>Merger reserve</i>	<i>Statutory reserve</i>	<i>Cumulative changes on revaluation of investments</i>	<i>Currency translation reserve</i>	<i>Retained earnings</i>	<i>Total</i>	<i>Non controlling-interests</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Balance at 1 January 2020 (audited)	1,821,429	(219,722)	45,191	8,394	(287)	517,476	2,172,481	22,428	2,194,909
Profit for the period	-	-	-	-	-	112,194	112,194	24	112,218
Other comprehensive loss for the period	-	-	-	(7,082)	(876)	-	(7,958)	(219)	(8,177)
Total comprehensive income (loss) for the period	-	-	-	(7,082)	(876)	112,194	104,236	(195)	104,041
Acquisition of associate	-	54,750	-	-	-	-	54,750	-	54,750
Business combination of entities under common control	-	1,571,406	-	-	-	-	1,571,406	647	1,572,053
Balance at 31 March 2020 (unaudited)	<u>1,821,429</u>	<u>1,406,434</u>	<u>45,191</u>	<u>1,312</u>	<u>(1,163)</u>	<u>629,670</u>	<u>3,902,873</u>	<u>22,880</u>	<u>3,925,753</u>
Balance at 1 January 2021 (audited)	1,821,429	2,119,615	332,085	49,322	969	3,145,427	7,468,847	353,086	7,821,933
Profit for the period	-	-	-	-	-	1,332,672	1,332,672	162,895	1,495,567
Other comprehensive income for the period	-	-	-	38,349	247	-	38,596	39	38,635
Total comprehensive income for the period	-	-	-	38,349	247	1,332,672	1,371,268	162,934	1,534,202
Business combination of entities under common control (note 12.1)	-	162,965	-	-	-	-	162,965	108,644	271,609
Acquisition of subsidiaries (note 12.2)	-	-	-	-	-	-	-	33,532	33,532
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(36,000)	(36,000)
Capital injection by non-controlling interest	-	-	-	-	-	-	-	267	267
Balance at 31 March 2021 (unaudited)	<u>1,821,429</u>	<u>2,282,580</u>	<u>332,085</u>	<u>87,671</u>	<u>1,216</u>	<u>4,478,099</u>	<u>9,003,080</u>	<u>622,463</u>	<u>9,625,543</u>

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

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three months period ended 31 March 2021

	Notes	<i>Three months period ended 31 March</i>	
		2021 AED'000	2020 AED'000
OPERATING ACTIVITIES			
Profit before tax		1,495,502	112,032
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use asset		34,442	20,322
Amortisation of intangible assets		7,316	14,030
Depreciation of investment properties		13,181	12,806
Amortisation of biological asset		614	1,512
Share of profit from investment in associates and joint ventures	6	(442,094)	(13,524)
Change in the fair value of financial assets carried at fair value through profit or loss	7.2	(286,214)	-
Gain on acquisition of subsidiaries	12.2	(5,273)	-
Gain on disposal of a subsidiary	12.3	(6,411)	-
Write off of biological assets		-	87
Impairment of property, plant and equipment		-	2,347
Change in fair value of biological assets		-	(8)
Provision for employees' end of service benefit		16,406	22,523
Gain on disposal of property, plant and equipment		(757)	(42)
Allowance for slow moving inventories	9	1,815	314
Allowance for expected credit losses		2,790	24,220
Unwinding of long-term receivables		(11,285)	-
Interest and dividend income		(8,968)	(7,297)
Finance costs		<u>12,627</u>	<u>8,508</u>
Operating cash flows before working capital changes		823,691	197,830
Working capital changes:			
Decrease in inventories		19,054	20,494
Increase in biological assets		(716)	(1,530)
Decrease (increase) in due from related parties		4,738	(75,193)
Increase in trade and other receivables		(3,680,332)	(21,532)
Increase in development work in progress		(4,442)	(2,904)
(Decrease) increase in due to related parties		(22,931)	371,386
(Decrease) increase in other long term liabilities		(63,392)	156,022
Increase (decrease) in trade and other payables		<u>3,687,929</u>	<u>(39,578)</u>
Cash generated from operations		763,599	604,995
Employees' end of service benefit paid		(11,418)	(2,386)
Tax paid		(1,779)	-
Finance costs paid		<u>(8,079)</u>	<u>(3,996)</u>
Net cash generated from operating activities		<u>742,323</u>	<u>598,613</u>
INVESTING ACTIVITIES			
Movement in term deposits with original maturities of more than three months		(55,990)	(593)
Additions to property, plant and equipment	4	(97,997)	(22,404)
Additions to intangible assets		(99)	(955)
Proceeds from sale of property, plant and equipment		20,173	43
Additions to assets held for sale		-	(6,114)
Net cash outflow on acquisition of an associate		-	(12,216)
Additions to investment properties	5	(5,201)	(220,147)
Dividends received from associates and joint ventures	6	552,424	3,035
Proceed from disposal of a subsidiary, net of cash disposed	12.3	305,848	-
Payment against acquisition of subsidiaries, net of cash acquired	12.2	(34,013)	-
Business combination of entities under common control	12.1	86,807	309,128
Purchase of investment in financial assets	7.1 & 7.2	(67,931)	-
Interest and dividends received		<u>8,968</u>	<u>7,297</u>
Net cash generated from investing activities		<u>712,989</u>	<u>57,074</u>

International Holding Company PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) continued For the three months period ended 31 March 2021

	<i>Three months period ended 31 March</i>	
	<i>2021</i>	<i>2020</i>
<i>Notes</i>	<i>AED'000</i>	<i>AED'000</i>
FINANCING ACTIVITIES		
Net proceeds (repayment) from bank borrowings	26,415	(28)
Dividends paid to non-controlling interest	(36,000)	-
Repayment of lease liabilities	<u>(9,807)</u>	<u>(356)</u>
Net cash used in financing activities	<u>(19,392)</u>	<u>(384)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	1,435,920	655,303
Cash and cash equivalents at beginning of the period	3,460,353	1,284,853
Effect of foreign exchange rate changes	<u>287</u>	<u>319</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	11 <u>4,896,560</u>	<u>1,940,475</u>

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

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

1 GENERAL INFORMATION

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

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

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

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 May 2021.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2020. In addition, results for the period ended 31 March 2021 are not necessarily indicative of the results for the year ending 31 December 2021.

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments in financial assets through other comprehensive income, investments in financial assets through profit or loss and biological assets which are stated fair value.

The interim condensed consolidated financial statements are presented in United Arab Emirates Dirhams (AED), which is the presentation currency of the Group and the functional currency of the Company. All the values are rounded to the nearest thousand (AED ‘000) except when otherwise indicated.

31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation

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

Control is achieved when the Group:

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

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

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

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

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

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

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

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

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

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

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Details of the Company's subsidiaries as at 31 March 2021 and 31 December 2020 were as follows:

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			2021	2020
IHC Holdings RSC Limited	United Arab Emirates	Investment Company.	100%	100%
IHC Companies Management LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Utilities Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Real Estate Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Digital Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Industrial Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
IHC Food Holding LLC	United Arab Emirates	Management and operations of public utilities, restaurant management, commercial enterprises investments, institution and management.	100%	100%
IHC Capital Holding LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	100%	100%
Alliance Foods Company LLC	United Arab Emirates	Trading, processing and packing of seafood products.	100%	100%
Alliance Food Security Holdings LLC	United Arab Emirates	General trading, importing, exporting, storing in public store houses, commercial brokers and storekeepers and warehouses management and operations. Wholesale of fodder trading canned and preserved foodstuff trading, frozen foodstuff trading and agriculture foodstuff trading.	80%	80%
Emirates Stallions Properties LLC	United Arab Emirates	Buying, selling and dividing plots and real estate management and developing and leasing of real estate.	100%	100%
Abu Dhabi Land General Contracting LLC	United Arab Emirates	Technical, commercial and contracting services specifically marine work contract.	100%	100%
Gulf Dunes Landscaping and Agricultural Services LLC	United Arab Emirates	Landscaping design and execution.	100%	100%
Century Real Estate Management LLC	United Arab Emirates	Labour camp management.	82%	82%

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2021</i>	<i>2020</i>
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, plant and equipment of fish farming.	80%	80%
Alliance Food Security Holdings USA	United States of America	Animal feed trading.	80%	80%
Forrajes San Mateo S.L.U.	Spain	Trading and production of animal feed.	80%	80%
Asmak Holding Company Limited	United Arab Emirates	Holding companies and investment in commercial enterprises and management.	100%	100%
The Gombos Company LLC	United States of America	Trading and production of animal feed.	50%	50%
PAL Cooling Holding LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Cooling Services LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL First Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Danat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Saraya Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL Najmat Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL 4 Reem Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%
PAL 4 Solar Energy LLC	United Arab Emirates	Installation and maintenance of alternative energy equipment.	100%	100%
PAL 4 Shams Cooling LLC	United Arab Emirates	Installation of district cooling and air conditioning, repair district cooling and investment in infrastructure projects.	100%	100%

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2021</i>	<i>2020</i>
Al Ajban Poultry LLC	United Arab Emirates	Rearing, hatching, feed processing and sale of poultry products.	100%	100%
Palms Sports PJSC	United Arab Emirates	Providing sport enterprises investment, institution and management.	71.98%	71.98%
Zee Store PJSC	United Arab Emirates	Trading and import of fresh consumables, canned, preserved and frozen foods.	71.18%	71.18%
Cine Royal Cinema LLC	United Arab Emirates	Establishment, management services, sale of food and cafeteria items and cinema shows.	100%	100%
International Securities LLC	United Arab Emirates	Share brokerage services.	100%	100%
Matrix International Solutions LLC	United Arab Emirates	Commercial enterprises investments, institution and management.	80%	80%
Mega Logistics Park Warehouses Management - Sole Proprietorship LLC	United Arab Emirates	Storehouses and warehouses management and operations.	100%	100%
Multiply Marketing Consultancy LLC	United Arab Emirates	Advertisement designing and production services.	100%	100%
WFC Holding - sole proprietorship LLC	United Arab Emirates	Commercial Enterprises Investment, Institution and Management.	100%	100%
Workforce Connexion LLC (i)	United Arab Emirates	Supply of on-demand labors, human service delivery of medical cadres and onshore and offshore oil and gas fields and facilities services.	100%	100%
Corporate Solutions Consultants LLC	United Arab Emirates	Human resources and administrative consultancy, onshore and offshore oil and gas fields and facilities services.	100%	100%
Multi Serve Typing and Transactions Follow Up LLC	United Arab Emirates	Typing, documents photocopying and transactions follow up services.	100%	100%
AGRINV SPV RSC	United Arab Emirates	Investment Company.	100%	100%
Al-Hashemiya for Land Reclamation and Cultivation S.A.E.	Egypt	Land cultivation, land-reclaimed farming, raising all kinds of livestock and sheep produced and providing other farming and livestock related services.	99.99%	99.99%
Royal Technology Solutions LLC	United Arab Emirates	Computer trading, computer and data processing requisites trading, computer networks maintenance, and on-shore and off-shore oil and gas fields' services.	100%	100%
Bedashing Holding Company LLC	United Arab Emirates	Investment Company.	100%	100%
Dashing International Group - Sole proprietorship LLC	United Arab Emirates	Company representation.	100%	100%
Bedashing Beauty Lounge - Sole proprietorship LLC	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	100%
Bedashing Beauty Lounge International Limited	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	100%

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2021	2020
Nippers & Scissors training Centre - Sole proprietorship LLC	United Arab Emirates	Wholesale cosmetics and make-up trading, women personal care and other grooming related services.	100%	100%
Easy Lease Motorcycle Rental PJSC	United Arab Emirates	Motorcycles trading, motorcycles repairing and motorcycles rental.	45.07%	45.07%
Uplift Delivery Services LLC	United Arab Emirates	Renting and delivery services.	67%	67%
Al Tamouh Investments Company LLC	United Arab Emirates	Development, management and sale of real estate properties.	100%	100%
TSL Properties LLC	United Arab Emirates	Development project ownership, sales & leasing.	100%	100%
Eltizam Asset Management LLC	United Arab Emirates	Services management holding company.	100%	100%
Tafawuq Facilities Management LLC	United Arab Emirates	Facilities management services.	100%	100%
Tafawuq Facilities Management Co. LLC	Oman	Facilities management services.	70%	70%
ThreeSixty Communities Estate LLC	United Arab Emirates	Owner association management.	100%	100%
ThreeSixty Communities Management for Owners Associations LLC	United Arab Emirates	Owner association management.	100%	100%
ThreeSixty Energy LLC	United Arab Emirates	Utility billing and collection services.	100%	100%
800TEK Facilities Management LLC	United Arab Emirates	Organisation and management of events.	100%	100%
Omnibus Real Estate Brokerage LLC	United Arab Emirates	Real estate brokerage services.	100%	100%
Omnibus Estate Services - Sole Proprietorship LLC)	United Arab Emirates	Real estate brokerage services.	100%	100%
ThreeSixty Communities Estate LLC	Oman	Owner association management.	70%	70%
Wadi Adventures LLC	United Arab Emirates	Adventure Park.	100%	100%
Green Mubazzarah Chalets LLC	United Arab Emirates	Resort and furnished residences leasing.	100%	100%
Tamouh Hotels and Resorts LLC	United Arab Emirates	Management and operation of hotels and hotel apartments.	100%	100%
Tamouh National Contracting LLC	United Arab Emirates	Building projects contracting.	51%	51%
Arch Models Abu Dhabi LLC	United Arab Emirates	Designing and constructing architectural models.	60%	60%
Tamouh Integrated Business Services LLC	United Arab Emirates	Resort and furnished residences leasing.	100%	100%
Qausar Energy Limited	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	50%
Alpha Technologies Limited	United Arab Emirates	Consultancy, research and development and testing with respect of energy generation.	50%	50%
IHC West Investment – Sole Proprietorship LLC	United Arab Emirates	Agricultural, commercial and industrial enterprises investment, institution and management.	100%	100%
Tamouh Healthcare LLC	United Arab Emirates	Ownership of medical facilities.	100%	100%
Medi Q Healthcare LLC	United Arab Emirates	Investment, incorporation and management of healthcare service projects.	51%	51%

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

<i>Name of subsidiary</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>	<i>Proportion of ownership interest and voting power held</i>	
			<i>2021</i>	<i>2020</i>
Sanimed International Lab and Management LLC	United Arab Emirates	Pharmaceutical studies and researches, development and innovation in chemical solutions, geological and geophysical consultancy, studies and researches.	85%	85%
Quant Lase Lab LLC	United Arab Emirates	Development and innovation in chemical solutions, innovation in creating test equipment and solutions for identifying SARS-COV2 infection and related infections.	80%	80%
Royal Architect Project Management LLC	United Arab Emirates	Architectural engineering consultancy, construction projects management consultancy.	100%	100%
Royal Development Company LLC	United Arab Emirates	Real estate development construction.	100%	100%
Royal Development Company d.o.o Beograd-Vracar	Serbia	Hotel accommodation.	100%	100%
Anse La Mouche Property Development LLC	United Arab Emirates	Real estate enterprises investment development, institution and management.	99.99%	99.99%
Al Seer Marine Supplies and Equipment Company LLC	United Arab Emirates	Importing, maintaining and trading of marine machinery and equipment.	100%	100%
Al Seer Marine Boats Building LLC	United Arab Emirates	Onshore and offshore oil and gas fields and facilities services and building of motorboats.	100%	100%
Al Seer Marine Services Company LLC	United Arab Emirates	Ship management and operations, onshore and offshore oil and gas fields and facilities services and building of motorboats. Yachts management and running.	100%	100%
Al Seer Marine Training Institute LLC	United Arab Emirates	Training and rehabilitation of marine cadres, technical training on electrical devices, computer software and security training.	100%	100%
Apex Alwataniah Catering Service LLC	United Arab Emirates	Food stuff catering to private and public sector organisations.	60%	60%
R Med Medical Supplies LLC	United Arab Emirates	Drug store, trading of medical and surgical articles.	52%	52%
West Investments SPV RSC Ltd.	United Arab Emirates	Investment Company.	100%	100%
Fooj Fire Fighting Services LLC (i)	United Arab Emirates	Trading of firefighting and resistant material and management of firefighting stations	75%	-
Retiro Properties LLC (i)	United Arab Emirates	Real estate enterprises investment development, institution and management.	100%	-
Playa Properties LLC (i)	United Arab Emirates	Real estate enterprises investment development, institution and management.	100%	-
Apex Holding LLC (i)	United Arab Emirates	Commercial enterprises investment, institution and management.	60%	-
IHC Education Holding LLC (i)	United Arab Emirates	Education services enterprises investment, institution and management.	100%	-
CH Artillgence LLC (i)	United Arab Emirates	Holding company	100%	-

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

Name of subsidiary	Place of incorporation and operation	Principal activities	Proportion of ownership interest and voting power held	
			2021	2020
Medi Q Healthcare & Clinic LLC (i)	United Arab Emirates	Health services and commercial enterprises investment, institution and management	51%	-
Afkar Financial & Property Investments LLC (ii)	United Arab Emirates	Commercial enterprise investment, institution and management, companies' representation, and real estate enterprise investment and development.	60%	-
2XL Furniture – Sharjah (ii)	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.	60%	-
2XL Home LLC (formerly 2XL Furniture & Home Décor LLC) (ii)	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.	60%	-
2XL Furniture LLC (ii)	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.	60%	-
Boudoir Interiors LLC (ii)	United Arab Emirates	Interior design implementation works and sale of furniture.	60%	-
The Central Tents Company LLC (ii)	United Arab Emirates	Retail sale of tents and shades and event management.	60%	-
Apex National Investment LLC – Sole Proprietorship LLC (ii)	United Arab Emirates	Enterprises investments, institutions and management.	60%	-
R R Facility Management SP LLC (ii)	United Arab Emirates	Building maintenance, camps and labour accommodation management, and real estate development, lease and management services.	60%	-
Royal Horizon Holding LLC (ii)	United Arab Emirates	Holding Company.	60%	-
Overseas Foodstuff Trading – Sole Proprietorship LLC (ii)	United Arab Emirates	Importing and wholesale of canned and preserved foodstuff trading.	60%	-
Royal Horizon General Trading – Sole Proprietorship LLC (ii)	United Arab Emirates	General trading, retail sale of computer system and software, wholesale of canned and preserved foodstuff trading, importing and exporting, packaging and wrapping of foodstuff.	60%	-
Royal Horizon Fazaa Stores LLC (ii)	United Arab Emirates	Retail and wholesale consumer stores.	60%	-
Al Ufuq Almalaki General Trading - Sole Proprietorship LLC (ii)	United Arab Emirates	General trading, importing, exporting, retail sale of wood products.	60%	-
Fixis Technical Services LLC (ii)	United Arab Emirates	security system and equipment trading installation and maintenance	100%	-
Discontinued operations: Paragon Malls LLC	United Arab Emirates	Ownership and leasing of retail property.	100%	100%
Disposed subsidiary: Trust International Group LLC (note 12.3)	United Arab Emirates	Sale of spare parts and repairs for military equipment.	-	100%

31 March 2021 (Unaudited)

2 BASIS OF PREPARATION continued

2.2 Basis for consolidation continued

- (i) These are subsidiaries of the Group, incorporated during the period.
- (ii) Subsidiaries acquired during the period (note 12).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020, except for the adoption of the following new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Interest Rate Benchmark Reform - Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued; and
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3.2 Significant accounting estimates and judgements

The preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards requires management to make judgment, estimates and assumptions that affect the application of accounting policies and reported amounts of financial assets and liabilities and the disclosure of contingent liabilities. These judgments, estimates and assumptions also affect the revenue, expenses and provisions as well as fair value changes. Actual results may differ from these estimates.

These judgments, estimates and assumptions may affect the reported amounts in subsequent financial years. Estimates and judgments are currently evaluated and are based on historical experience and other factors.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Impact of novel coronavirus (COVID-19)

The outbreak of COVID-19 continues to progress and evolve, causing disruption to business and economic activity. There has been macro economic uncertainty with regards to prices and demand for commodities. However, the scale and duration of these developments remain uncertain but could impact our earnings, cash flow and financial condition. The Group is monitoring the evolution of the COVID 19 pandemic and will continue to assess further impacts going forward.

The currently known impacts of COVID-19 on the Group are slight delays in customers collections due to Covid-19 but management is closely monitoring the situation and has kept adequate provision for expected credit losses. The management does not anticipate a future material impact of this outbreak on the Group's consolidated financial statements at this stage.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

4 PROPERTY, PLANT AND EQUIPMENT

During the period, additions to property, plant and equipment amounted to AED 97,997 thousand (three month period ended 31 March 2020: AED 22,404 thousand), excluding property, plant and equipment acquired through business combinations and depreciation and impairment charge for the three month period ended 31 March 2021 amounted to AED 24,731 thousand (three month period ended 31 March 2020: AED 19,725 thousand). Property, plant and equipment acquired through business combinations amounted to AED 101,172 thousand (note 12) (three months period ended 31 March 2020: AED 54,222 thousand).

5 INVESTMENT PROPERTIES

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Land	142,613	135,213
Leased properties	1,738,650	1,655,975
Properties under development	<u>212,182</u>	<u>212,763</u>
	<u>2,093,445</u>	<u>2,003,951</u>
Less: accumulated depreciation and impairment loss	<u>(723,411)</u>	<u>(710,230)</u>
	<u>1,370,034</u>	<u>1,293,721</u>

During the period, additions to investment properties amounted to AED 5,201 thousand (three month period ended 31 March 2020: AED 220,147 thousand), excluding investment properties acquired through business combinations and depreciation charge for the three month period ended 31 March 2021 amounted to AED 13,181 thousand (three month period ended 31 March 2020: AED 12,806 thousand). Investment properties acquired through business combination amounted to AED 87,418 thousand (note 12) (three month period ended 31 March 2020: AED 1,193,716 thousand).

Furthermore, AED 3,125 thousand was transferred to inventories during the period (three month period ended 31 March 2020: nil).

Management believes that the fair value of the investment properties did not materially change during the three month period ended 31 March 2021. The fair value of the Group's investment properties as at 31 December 2020 has been arrived by management by reference to valuation carried out on the respective dates by internal management specialists and an independent valuer not related to the Group. The independent valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

Land

A market-based valuation suggests that the fair value of the Group's plots of land approximates AED 2.8 billion at 31 December 2020. Land fair valued at AED 751 million is pledged against borrowings.

Leased properties

The fair value of the leased properties assessed as at 31 December 2020 amounted to AED 1.26 billion.

5 INVESTMENT PROPERTIES continued

Properties under development

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

The fair value of investment properties is determined using market-based approach and discounted cash flow (DCF) model.

Market based approach considers recent market transactions for similar assets or quotes / bid prices for same or similar assets.

DCF considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) and lease terms factors specific to the respective properties.

Following is the summary of valuation techniques and inputs used in the valuation of investment properties:

Property	Valuation technique	Significant unobservable inputs
Land	Sales comparison	<ul style="list-style-type: none"> - Sales rate: AED 130 – 135/sq. ft.; - Acquisition fee: 2%; and - Discount rate: 14%.
Leased properties	Discounted cash flow (DCF)	<ul style="list-style-type: none"> - Estimated rental value per annum, for the different leased properties, is as follows: <ul style="list-style-type: none"> • Residential properties: AED 19,200 – AED 210,000 per unit; • Commercial properties: AED 80/sq. ft. – AED 108/sq. ft.; • Retail: AED 97/sq. ft. – AED 108/sq. ft.; and • Car park: AED 5,400 per unit. - Operating expenses: AED 15.72/sq. ft. – AED 45.73/sq. ft.; - Discount rate: 9% – 10.5%; and - Terminal capitalisation rate: 8% – 9.5%.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 31 March 2021 (Unaudited)

6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

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

<i>Name of entity</i>	<i>Principal activities</i>	<i>Place of incorporation and operation</i>	<i>Ownership interest</i>	
			<i>2021</i>	<i>2020</i>
Associates:				
Abu Dhabi Mountain Gate LLC	Real estate enterprise investment, development, institution and management.	UAE	47%	47%
Tafseer Contracting & General Maintenance Company LLC (i)	Real estate enterprise investment, development, institution and management.	UAE	20%	20%
Pure Health Medical Supplies LLC	Operating medical laboratories and distributing medical supplies	UAE	31.5%	31.5%
Emirates Refreshments P.S.C	Bottling and selling mineral water, carbonated soft drinks and evaporated milk, as well as manufacturing plastic bottles and containers	UAE	20%	20%
Viola Communications LLC	Commercial publication printing	UAE	50%	50%
Noopl Inc.(ii)	Integrated solution company	USA	-	40%
Joint ventures:				
Lazio Real Estate Investment LLC (iii)	Real estate enterprise investment, development, institution and management	UAE	65%	65%
Progressive Real Estate Dev. LLC	Real estate enterprise investment, development, institution and management	UAE	65%	65%
Bunya LLC	Real estate enterprise	UAE	34%	34%

- (i) **Tafseer Contracting & General Maintenance Company LLC (“Tafseer”)**
Tafseer Contracting & General Maintenance Company LLC, an associate, is under liquidation. As at 31 March 2021, the carrying amount of the investments is nil (31 December 2020: nil).
- (ii) **Noopl Inc. (“Noopl”)**
Noopl is an associate of Trust International Group (“Trust”), a subsidiary of the Group, which was entirely disposed during the year (note 12.3).
- (iii) **Lazio Real Estate Investment LLC (“Lazio”)**
During 2018, the directors of Lazio Real Estate Investment LLC, a joint venture, has elected to liquidate the joint venture. As at 31 March 2020, carrying amount of the investments is AED 0.2 million (31 December 2020: AED 0.2 million). The liquidation process is still on going.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

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

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	438,733	7,331
Acquired in business combinations	-	35,450
Acquisition of associates	-	85,340
Disposal during the period / year	(17,088)	-
Share of the Group's profit for the period / year	442,094	948,247
Dividend received during the period / year	(552,424)	(637,635)
At the end of the period / year	<u>311,315</u>	<u>438,733</u>

7 INVESTMENT IN FINANCIAL ASSETS

		<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Investments carried at fair value through other comprehensive income	7.1	561,582	447,057
Investments carried at fair value through profit or loss	7.2	<u>931,051</u>	<u>622,525</u>
		<u>1,492,633</u>	<u>1,069,582</u>

7.1 Investments carried at fair value through other comprehensive income

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Quoted	306,875	234,929
Unquoted	<u>254,707</u>	<u>212,128</u>
	<u>561,582</u>	<u>447,057</u>

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management of the Group has elected to designate these investments in equity instruments as FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

7 INVESTMENT IN FINANCIAL ASSETS continued

7.1 Investments carried at fair value through other comprehensive income continued

The geographical distribution of investments is as follows:

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Inside the UAE	306,875	234,929
Outside the UAE	<u>254,707</u>	<u>212,128</u>
	<u>561,582</u>	<u>447,057</u>

The investments are recorded at fair value using the valuation techniques as disclosed in note 20. Movement in investment in financial assets carried at fair value through other comprehensive income is as follows:

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	447,057	43,183
Additions during the period / year	42,580	448,450
Acquired in business combinations (note 12.1)	33,596	32,684
Disposals during the period/year	-	(118,188)
Changes in fair value	<u>38,349</u>	<u>40,928</u>
At the end of the period / year	<u>561,582</u>	<u>447,057</u>

As of 31 March 2021, and 31 December 2020, shares with a fair value of AED 17,607 thousand, are pledged against a borrowing relating to a subsidiary classified as assets held for sale.

As of 31 March 2021, investment in shares with a fair value of AED 36,295 thousand (31 December 2020: AED 884 thousand) were held in the name of a related party under common control, for the beneficial interest of the Group.

7.2 Investments carried at fair value through profit or loss

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Quoted	105,009	68,571
Unquoted	<u>826,042</u>	<u>553,954</u>
	<u>931,051</u>	<u>622,525</u>

These investments in equity instruments are held for trading with an intention of recognising short-term fluctuations in these investments. Fair values of the quoted investments are determined by reference to published price quotations in an active market.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

7 INVESTMENT IN FINANCIAL ASSETS continued

7.2 Investments carried at fair value through profit or loss continued

The geographical distribution of investments is as follows:

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Inside the UAE	114,197	74,719
Outside the UAE	<u>816,854</u>	<u>547,806</u>
	<u>931,051</u>	<u>622,525</u>

The investments are recorded at fair value using the valuation techniques as disclosed in note 20. Movement in investment in financial assets carried at fair value through profit or loss is as follows:

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
At the beginning of the period / year	622,525	-
Additions during the period / year	25,351	645,320
Disposal of a subsidiary	(3,039)	-
Disposals during the period / year	-	(31,487)
Changes in fair value	<u>286,214</u>	<u>8,692</u>
At the end of the period / year	<u>931,051</u>	<u>622,525</u>

8 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

	<i>(Unaudited)</i> 31 March 2021 <i>AED'000</i>	<i>(Audited)</i> 31 December 2020 <i>AED'000</i>
Assets held for sale – building (note 8.1)	376,730	376,730
Discontinued operations (note 8.2)	<u>540,399</u>	<u>540,399</u>
	<u>917,129</u>	<u>917,129</u>
Liabilities directly associated with assets held for sale (note 8.2)	<u>242,983</u>	<u>242,983</u>

8.1 ASSETS HELD FOR SALE – BUILDING

In 2019 and prior to its acquisition by the Group, Al Tamouh Investments Company LLC committed to sell one of its assets based on a sale and purchase agreement. As at 31 March 2021, the sale was not completed.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

8 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE continued

8.2 DISCONTINUED OPERATIONS

On 31 October 2020, the Group signed a sale and purchase agreement to sell the subsidiary, Paragon Mall LLC. As at 31 March 2021, the sale was not completed.

The results of the operations of the discontinued subsidiary was not segregated on the face of the interim consolidated profit or loss, as the amounts are insignificant.

9 INVENTORIES

	<i>(Unaudited)</i> <i>31 March</i> <i>2021</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>AED'000</i>
Medical supplies	246,746	265,280
Animal feed	49,185	56,553
Food and non-food items	51,706	27,418
Fish and fish products	26,464	21,991
Household furniture	44,901	-
Real estate properties	5,110	5,110
Poultry products	1,317	4,727
Other finished goods	9,570	5,731
Work in process	49,738	41,253
Packing and raw material	22,358	28,285
Spares and consumables	<u>12,289</u>	<u>11,445</u>
	519,384	467,793
Goods in transit	886	7,966
Less: allowance for slow moving inventories	<u>(33,013)</u>	<u>(27,547)</u>
	<u>487,257</u>	<u>448,212</u>

Movement in allowance for slow moving inventories is as follows:

	<i>(Unaudited)</i> <i>31 March</i> <i>2021</i> <i>AED'000</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>AED'000</i>
At the beginning of the period / year	27,547	2,430
Acquired in business combinations	3,651	3,393
Change for the period / year	<u>1,815</u>	<u>21,724</u>
At the end of the period / year	<u>33,013</u>	<u>27,547</u>

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

10 DEVELOPMENT WORK IN PROGRESS

Development work-in-progress represents development and construction costs incurred on properties being constructed for sale. Land granted without consideration to the Group, including the land and completed property in the city of Al Ain, is accounted for at nominal value.

Movement during the year is as follows:

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
At the beginning of the period / year	1,025,466	-
Acquired in business combinations	-	1,076,196
Additions during the period / year	4,442	15,056
Depreciation capitalised	-	144
Transferred to inventories	<u>(1,649)</u>	<u>(65,930)</u>
	1,028,259	1,025,466
Less: provision for impairment	<u>(345,154)</u>	<u>(345,154)</u>
At 31 December	<u><u>683,105</u></u>	<u><u>680,312</u></u>

11 CASH AND BANK BALANCES

	<i>(Unaudited)</i> 31 March 2021 AED'000	<i>(Audited)</i> 31 December 2020 AED'000
Cash on hand	12,926	8,484
<i>Bank balances:</i>		
Current and call accounts	4,735,421	3,330,179
Term deposits	387,576	325,704
Margin accounts	21,839	1,017
Less: allowance for expected credit loss	<u>(225)</u>	<u>(50)</u>
Cash and bank balances	5,157,537	3,665,334
Less: term deposits with an original maturity of more than three months	(270,752)	(214,762)
Less: bank overdrafts	<u>(53)</u>	<u>(47)</u>
	4,886,732	3,450,525
Add: cash and bank balances attributable to subsidiary held for sale	<u>9,828</u>	<u>9,828</u>
Cash and cash equivalents	<u><u>4,896,560</u></u>	<u><u>3,460,353</u></u>

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

12 BUSINESS COMBINATIONS

12.1 Business combination under common control

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

AFKAR Financial & Property Investments LLC and its subsidiaries ("AFKAR")

Effective 1 January 2021, the Group acquired 60% of the shares in AFKAR Financial & Property Investment LLC and its subsidiaries ("AFKAR") for nil consideration. AFKAR is based in Abu Dhabi, United Arab Emirates, and is involved in commercial enterprise investment, institution and management, companies' representation, and real estate enterprise investment and development. Details of AFKAR's subsidiaries are as follows:

<i>Name of entities</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>
2XL Furniture – Sharjah	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.
2XL Home LLC (formerly 2XL Furniture & Home Décor LLC)	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.
2XL Furniture LLC	United Arab Emirates	Retail trade of household and office furniture, mats, curtain and upholstery materials and interior decoration materials.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed were as follows:

	<i>AED'000</i>
Assets	
Property, plant and equipment	86,161
Right-of-use assets	115,130
Investment properties	87,418
Investment carried at fair value through other comprehensive income	33,596
Inventories	37,363
Trade and other receivables	32,264
Cash and bank balances	<u>86,807</u>
	<u>478,739</u>
Liabilities	
Employees' end of service benefit	5,416
Borrowings	52,000
Lease liabilities	116,846
Trade and other payables	<u>32,868</u>
	<u>207,130</u>
Net assets	<u>271,609</u>
Less: non-controlling interest	<u>(108,644)</u>
Proportionate share of identifiable net assets acquired	162,965
Consideration paid	<u>-</u>
Merger reserve	<u>162,965</u>

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

12 BUSINESS COMBINATIONS continued

12.1 Business combination under common control continued

From the date of acquisition, AFKAR contributed revenue and profit to the Group amounting to AED 56,444 thousand and AED 5,597 thousand, respectively.

12.2 Acquisitions under IFRS 3 Business Combination

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

Royal Horizon Holding LLC

Effective 1 January 2021, Zee Stores PJSC, a subsidiary, acquired 60% interest in Royal Horizon Holding LLC ("Royal Horizon") and its subsidiaries. Royal Horizon subsidiaries are as follows:

<i>Name of entities</i>	<i>Place of incorporation and operation</i>	<i>Principal activities</i>
Overseas Foodstuff Trading – Sole Proprietorship LLC	United Arab Emirates	Importing and wholesale of canned and preserved foodstuff trading
Royal Horizon General Trading – Sole Proprietorship LLC	United Arab Emirates	General trading, retail sale of computer system and softwares, wholesale of canned and preserved foodstuff trading, importing and exporting, packaging and wrapping of foodstuff
Royal Horizon Fazaa Stores LLC	United Arab Emirates	Retail and wholesale consumer stores
Al Ufuq Almalaki General Trading – Sole Proprietorship LLC	United Arab Emirates	General trading, importing, exporting, retail sale of wood products

From the date of acquisition, Royal Horizon contributed revenue and profit to the Group amounting to AED 48,034 thousand and AED 3,979 thousand, respectively.

Boudoir Interiors - Sole Proprietorship LLC ("Boudoir")

Effective 1 January 2021, Apex Holding LLC, a subsidiary, acquired a 100% interest in Boudoir Interiors - Sole Proprietorship LLC ("Boudoir"), Boudoir is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in interior design implementation works and sale of furniture. From the date of acquisition, Boudoir contributed revenue and loss to the Group amounting to AED 354 thousand and AED 143 thousand, respectively.

The Central Tents - Sole Proprietorship LLC ("Central Tents")

Effective 1 January 2021, Apex Holding LLC, a subsidiary, acquired a 100% interest in Central Tents - Sole Proprietorship LLC ("Central Tents"). Central Tents is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in retail sale of tents and shades and event management. From the date of acquisition, Central Tents contributed revenue and profit to the Group amounting to AED 7,199 thousand and AED 3,101 thousand, respectively.

Apex National Investment - Sole Proprietorship LLC ("Apex National Investment")

Effective 1 January 2021, Apex Holding LLC, a subsidiary, acquired a 100% interest in a dormant entity, Apex National Investment - Sole Proprietorship LLC ("Apex National"), for no consideration. Apex National Investment is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in commercial, real estate and industrial enterprises investments, institutions and management. No revenue and profit was contributed to the Group as the entity remained dormant as at reporting date.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

12 BUSINESS COMBINATIONS continued

12.2 Acquisitions under IFRS 3 Business Combination continued

R R Facility Management - Sole Proprietorship LLC ("R R Facility")

Effective 1 January 2021, Apex Holding LLC, a subsidiary, acquired a 100% interest in a dormant entity R R Facility Management - Sole Proprietorship LLC ("R R Facility"), for no consideration. R R Facility is a limited liability company, registered and incorporated in the Emirate of Abu Dhabi and is engaged in building maintenance, camps and labour accommodation management, and real estate development, lease and management services. From the date of acquisition, R R Facility contributed revenue and profit to the Group amounting to AED 27,585 thousand and AED 16,758 thousand, respectively.

Fixis Technical Services LLC ("Fixis")

Effective 1 January 2021, Eltizam Asset Management LLC, a subsidiary, acquired a 100% interest in Fixis Technical Services LLC ("Fixis"). Fixis is a limited liability company, registered and incorporated in the Emirate of Dubai and is engaged in security system and equipment trading installation and maintenance. From the date of acquisition, Fixis contributed revenue and loss to the Group amounting to 3,041 thousand and AED 125 thousand, respectively, respectively.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of the acquired entities as at the date of acquisition were as follows:

	<i>Royal Horizon</i> AED'000	<i>Boudoir</i> AED'000	<i>Central Tents</i> AED'000	<i>Fixis</i> AED'000	<i>Total</i> AED'000
Assets					
Property, plant and equipment	12,121	-	2,641	249	15,011
Intangible assets	34,100	-	-	-	34,100
Right-of-use assets	1,048	-	-	-	1,048
Inventories	17,725	-	-	52	17,777
Due from related parties	4,730	-	-	-	4,730
Trade and other receivables	18,818	893	9,375	5,769	34,855
Cash and bank balances	<u>5,543</u>	<u>69</u>	<u>12</u>	<u>1,869</u>	<u>7,493</u>
Total assets	<u>94,085</u>	<u>962</u>	<u>12,028</u>	<u>7,939</u>	<u>115,014</u>
Liabilities					
Employees' end of service benefit	651	-	-	-	651
Borrowings	9,207	-	-	-	9,207
Lease liabilities	973	-	-	-	973
Due to related parties	-	4,759	2,273	-	7,032
Trade and other payables	<u>26,540</u>	<u>1,863</u>	<u>1,498</u>	<u>5,530</u>	<u>35,431</u>
Total liabilities	<u>37,371</u>	<u>6,622</u>	<u>3,771</u>	<u>5,530</u>	<u>53,294</u>
Total identifiable net assets (liabilities) at fair value	<u>56,714</u>	<u>(5,660)</u>	<u>8,257</u>	<u>2,409</u>	<u>61,720</u>
Proportionate share of identifiable net assets (liabilities) acquired	<u>24,221</u>	<u>(3,396)</u>	<u>4,954</u>	<u>2,409</u>	<u>28,188</u>
Goodwill arising on acquisition	15,779	3,396	-	-	19,175
Gain on bargain purchase	-	-	(4,954)	(319)	(5,273)
Purchase consideration	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>2,090</u>	<u>42,090</u>
Non-controlling interest	<u>32,493</u>	<u>(2,264)</u>	<u>3,303</u>	<u>-</u>	<u>33,532</u>

The net assets recognised are based on a provisional assessment of their fair values as at the acquisition date. The Group will finalize the purchase price allocation before the end of 2021.

The fair value of trade receivables amounts to AED 26,615 thousand. The gross amount of trade receivables is AED 28,979 thousand and it is expected that the full contractual amounts can be collected.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

12 BUSINESS COMBINATIONS continued

12.2 Acquisitions under IFRS 3 Business Combination continued

Intangible assets of AED 34,100 thousand have been recognised as a result of aforementioned acquisitions, which comprises largely of brand name, customer relationships, trademarks and license.

Analysis of cashflows on acquisitions is as follows:

	<i>Royal Horizon</i> AED'000	<i>Boudoir</i> AED'000	<i>Central Tents</i> AED'000	<i>Fixis</i> AED'000	<i>Total</i> AED'000
<u>Purchase consideration:</u>					
Cash paid for the acquisition	40,000	-	-	1,506	41,506
Consideration payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>584</u>	<u>584</u>
Total purchase consideration	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>2,090</u>	<u>42,090</u>
<u>Analysis of cashflow on acquisition:</u>					
Cash paid for the acquisition	40,000	-	-	1,506	41,506
Net cash acquired on business combination	<u>(5,543)</u>	<u>(69)</u>	<u>(12)</u>	<u>(1,869)</u>	<u>(7,493)</u>
Acquisition of operating business –					
net of cash used (acquired) (included in cash flows from investing activities)	34,457	(69)	(12)	(363)	34,013
Transaction costs of the acquisition (included in cash flows from operating activities)	<u>156</u>	<u>67</u>	<u>67</u>	<u>-</u>	<u>290</u>
Net cash used (acquired) on acquisition	<u>34,613</u>	<u>(2)</u>	<u>55</u>	<u>(363)</u>	<u>34,303</u>

Acquisition related costs amounted to AED 290 thousand were expensed during the period and are included in general and administrative expenses.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

12 BUSINESS COMBINATIONS continued

12.3 Disposal of Trust international Group LLC (“Trust”)

Effective 1 January 2021, the Group disposed its entire ownership interest in Trust International Group LLC (“Trust”) for a consideration of AED 350,000 thousand. The carrying value of the identifiable assets and liabilities disposed on the date of sale are as follows:

	<i>AED’000</i>
Current assets	170,775
Non-current assets	<u>207,964</u>
Total assets	<u>378,739</u>
Current liabilities	(29,797)
Non-current liabilities	<u>(5,353)</u>
Total liabilities	<u>(35,150)</u>
Net assets	343,589
Consideration received on disposal	<u>350,000</u>
Gain on disposal	<u><u>6,411</u></u>

The net cash flows generated from the sale of Trust are, as follows:

Cash received from sale	350,000
Cash sold as part of the sale	<u>(44,152)</u>
Net cash inflow on date of disposal	<u><u>305,848</u></u>

The results of the operations of Trust was not segregated on the face of the interim consolidated profit or loss, as the amounts are insignificant.

13 SHARE CAPITAL

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED’000</i>	<i>AED’000</i>
Authorised issued and fully paid		
1,821 million shares of AED 1 each		
(31 December 2020: 1,821 million shares of AED 1 each)	<u>1,821,429</u>	<u>1,821,429</u>

14 STATUTORY RESERVE

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

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

15 RELATED PARTY BALANCES AND TRANSACTIONS

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

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

15.1 Balances

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

Due from related parties

		<i>(Unaudited)</i> 31 March 2021 AED '000	<i>(Audited)</i> 31 December 2020 AED '000
	<i>Nature of relationship</i>		
Current:			
Hydra Properties LLC	Entity under common control	72,671	128,534
Meena Holdings LLC	Entity under common control	113,947	113,947
Chimera Investments LLC	Entity under common control	51,149	81,635
Pal Technology Services LLC	Entity under common control	50,974	49,422
Tafseer Contracting & General Maint. Co.	Associate	21,258	28,106
Royal Group Companies Management LLC	Entity under common control	22,401	22,244
Trojan General Contracting LLC	Entity under common control	25,029	25,029
Meena Palace	Other related party	7,104	22,815
RG Procurement RSC LTD	Entity under common control	14,928	13,150
Pure Health Medical Supplies LLC	Associate	20,848	10,624
Reem Emirates Aluminum LLC	Entity under common control	6,222	6,223
Mauqah Technology LLC	Entity under common control	7,564	6,018
Bunya Enterprises LLC	Joint venture	4,280	4,124
AFKAR Financial & Property Investment LLC*	Entity under common control	-	3,702
Al Yasat Catering and Restaurant Supplies LLC	Entity under common control	2,633	1,356
National Projects and Construction LLC	Other related party	13,824	-
ATGC Transport & GC LLC	Other related party	12,227	-
Others	Entities under common control	<u>114,997</u>	<u>114,242</u>
		562,056	631,171
Less: allowance for expected credit losses		(217,326)	(286,433)
		344,730	344,738
Non-current			
Royal Group Companies Management LLC**	Entity under common control	<u>4,706</u>	<u>4,706</u>
Total due from related parties, net		<u>349,436</u>	<u>349,444</u>

* During the period, the Group acquired 60% shareholdings in AFKAR Financial & Property Investment LLC, which resulted in this balances being eliminated as of 31 March 2021.

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

Loan to a related party

The Group has granted a loan to a key management personnel amounting to AED 1.2 million (31 December 2020: AED 1.2 million) which is unsecured and non-interest bearing and due on 3 November 2022.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.1 Balances continued

Due to related parties

		<i>(Unaudited)</i> 31 March 2021 AED '000	<i>(Audited)</i> 31 December 2020 AED '000
	<i>Nature of relationship</i>		
Current			
Trojan General Contracting LLC	Entity under common control	193,595	187,765
Chimera Investment LLC	Entity under common control	159,097	152,021
ATGC Transport & GC LLC	Other related party	41,578	-
Infinity TV FZ LLC	Entity under common control	17,929	68,703
Bunya Enterprises LLC	Joint venture	30,815	31,558
International Golden Group PJSC	Entity under common control	-	51,453
Power House Group for Company Management LLC	Entity under common control	46,247	38,852
National Projects and Construction LLC	Entity under common control	8,861	1,311
Royal Group Management LLC	Entity under common control	10,147	12,556
Pal Technology Services LLC	Entity under common control	5,212	6,848
Royal Group Holding LLC	Entity under common control	6,554	4,295
Al Maha Modular Industries LLC	Entity under common control	6,512	6,512
Royal Group Procurements RSC LTD	Entity under common control	8,745	2,290
Al Jaraf Travel & Tourism	Entity under common control	1,944	4,582
Hi-Tech Concrete Projects LLC	Entity under common control	635	635
Others	Entities under common control	109,976	<u>87,292</u>
		647,847	<u>656,673</u>
Non-current			
Trojan General Contracting LLC	Entity under common control	65,975	69,021
Bunya Enterprises LLC	Joint Venture	26,635	30,484
National Projects and Construction LLC	Entity under common control	22,265	22,444
Royal Group Holding LLC	Entity under common control	2,520	2,520
H2O Interior Design LLC	Entity under common control	660	<u>613</u>
		118,055	<u>125,082</u>
Total due to related parties		765,902	<u>781,755</u>

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.2 Transactions

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

	<i>Three months period ended</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>
Revenue		
Entities under common control	137,057	92,160
Associates	15,375	-
Other related parties	<u>339</u>	<u>635</u>
	<u>152,771</u>	<u>92,795</u>
Cost of revenue (<i>entities under common control</i>)	<u>62,297</u>	<u>8,145</u>
General and administrative expenses (<i>entities under common control</i>)	<u>5,282</u>	<u>2,166</u>
Balance and transaction with a financial institution (<i>other related party</i>):		
Balances:		
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>
Balances with a financial institution	<u>2,718,954</u>	<u>2,337,558</u>
Borrowings	<u>337,464</u>	<u>296,523</u>
Transactions:		
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>
Interest expense for the year	<u>1,974</u>	<u>2,771</u>
Interest income	<u>63</u>	<u>205</u>
Drawdown	<u>41,924</u>	<u>30,999</u>
Repayment of borrowings	<u>1,824</u>	<u>-</u>

Refer to note 12.1 for business combinations acquired during the period under common control.

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

15 RELATED PARTY BALANCES AND TRANSACTIONS continued

15.2 Transactions continued

15.3 Key management remuneration

	<i>Three months period ended</i>	
	<i>(Unaudited)</i> <i>31 March</i> <i>2021</i> <i>AED'000</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED'000</i>
Salaries and employee benefits	<u>9,581</u>	<u>4,819</u>
Number of key management personnel	<u>22</u>	<u>15</u>

16 REVENUE

	<i>(Unaudited)</i> <i>31 March</i> <i>2021</i> <i>AED '000</i>	<i>(Unaudited)</i> <i>31 March</i> <i>2020</i> <i>AED '000</i>
Type of goods or services		
Healthcare and other medical supplies	843,185	-
Maintenance and service revenue	413,104	122,422
Sale of food products	385,897	180,386
Sale of industrial and medical equipment	4,774	11,886
Coaching and training services	67,780	73,733
Infrastructure and construction contracting revenue	33,880	53,806
District cooling services	44,437	42,837
Asset management	53,910	70,266
Animal feed	71,736	42,303
Rental income	244,164	21,032
Sale of properties and land	3,280	75,880
Sale of furniture	56,444	-
Revenue from brokerage services	28,949	5,268
Revenue from sale of cosmetics and rendering of related personal care services	14,363	-
Revenue from rendering marketing and consultancy services	3,260	-
Others	<u>7,133</u>	<u>13,285</u>
	<u>2,276,296</u>	<u>713,104</u>
Timing of revenue recognition		
Revenue at a point in time	1,871,706	533,948
Revenue over time	<u>404,590</u>	<u>179,156</u>
	<u>2,276,296</u>	<u>713,104</u>
Geographical markets		
UAE	2,186,554	639,105
Outside the UAE	<u>89,742</u>	<u>73,999</u>
	<u>2,276,296</u>	<u>713,104</u>

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

17 BASIC EARNINGS PER SHARE

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

	<i>Three months period ended</i>	
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>31 March</i>	<i>31 March</i>
	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>
Profit attributable to owners of the Company (AED'000)	<u>1,332,672</u>	<u>112,194</u>
Weighted average number of shares (shares in '000)	<u>1,821,429</u>	<u>1,821,429</u>
Basic earnings per share for the period (AED)	<u>0.73</u>	<u>0.06</u>

18 CONTINGENT LIABILITIES AND COMMITMENTS

	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>
Letters of guarantee	<u>831,271</u>	<u>711,695</u>
Letters of credit	<u>45,984</u>	<u>123,225</u>
Commitments for capital expenditure	<u>489,631</u>	<u>351,148</u>

Commitments for capital expenditure includes commitments relating to the Group's development work in progress and investment properties under development as at 31 March 2021, amounting to AED 141 million (31 December 2020: AED 136 million), spread over a period extending up to 5 years. The underlying agreements all contain clauses allowing the Group to revoke the commitment if necessary, which may be exercised depending on market conditions.

19 SEASONALITY OF RESULTS

No significant income of seasonal nature was recorded in the interim condensed consolidated statement of profit or loss for the three months period ended 31 March 2021 and 31 March 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2021 (Unaudited)

20 FAIR VALUE MEASUREMENT

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

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

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

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>31 March 2021 (unaudited)</i>	<i>31 December 2020 (audited)</i>				
	<i>AED'000</i>	<i>AED'000</i>				
Quoted equity investments – investment in financial assets	411,884	303,500	Level 1	Quoted bid prices in an active market.	None	Not applicable
Unquoted equity investments – investment in financial assets	1,080,749	766,082	Level 3	Discounted cash flow method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Biological assets*	697	1,164	Level 2	Significant observable inputs	None	Not applicable

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

* As of 31 March 2021, and 31 December 2020, biological assets include nursery plants which are carried at fair value and chicken livestock which is carried at cost. Fair value of nursery plants is determined based on current market prices of similar type of assets. There are no quoted market prices for chicken livestock in the Gulf Cooperation Council, and alternatives for measuring fair value are determined by management to be unverifiable. Accordingly, the cost of parent chicken, determined on the basis of monthly average expenditure, comprises purchase price of the day old chicken (“DOC”) and all expenses incurred in bringing the DOCs to the farm from overseas, together with costs such as feed costs, incurred in rearing and maintaining the flock until the egg production commences.

31 March 2021 (Unaudited)

21 SEGMENTAL ANALYSIS

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

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

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

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

Industrial includes sale of spare parts and repairs for military equipment, sale of medical equipments and supplies.

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

Capital belongs to IHC capital vertical includes investments and brokerage services in securities.

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

International Holding Company PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2021 (Unaudited)

21 SEGMENTAL ANALYSIS continued

	<i>Utilities</i>		<i>Real estate</i>		<i>Digital</i>		<i>Industrial</i>		<i>Food</i>		<i>Capital</i>		<i>Others</i>		<i>Total</i>	
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>	<i>March</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Revenue	44,437	42,838	120,455	220,984	193,762	87,017	1,198,429	134,308	305,562	222,689	413,651	5,268	-	-	2,276,296	713,104
Cost of sales	(20,305)	(18,624)	(101,613)	(123,748)	(175,011)	(58,159)	(548,946)	(112,710)	(253,970)	(194,476)	(222,474)	-	-	-	(1,322,319)	(507,717)
Gross profit	24,132	24,214	18,842	97,236	18,751	28,858	649,483	21,598	51,592	28,213	191,177	5,268	-	-	953,977	205,387
Selling and administrative expenses	-	-	(290)	(6,724)	-	(1,002)	(2,193)	-	(21,982)	(12,947)	(1,345)	-	-	(8,200)	(25,810)	(28,873)
General and administrative expenses	(6,493)	(5,088)	(19,448)	(21,836)	(16,262)	(10,206)	(52,078)	(24,305)	(19,342)	(13,509)	(22,416)	(4,096)	(59,476)	(4,726)	(195,515)	(83,766)
Operating profit (loss)	17,639	19,126	(896)	68,676	2,489	17,650	595,212	(2,707)	10,268	1,757	167,416	1,172	(59,476)	(12,926)	732,652	92,748
Investment and other income	-	-	19,584	7,383	270	1,761	422	96	3,408	2,681	297,585	2,356	430	(9)	321,699	14,268
Share of profit from investment in associates and joint ventures	-	-	1,703	-	(949)	(90)	-	-	-	-	441,340	13,614	-	-	442,094	13,524
Gain on acquisition/ disposal of subsidiaries	-	-	319	-	-	-	6,411	-	-	-	4,954	-	-	-	11,684	-
Finance costs	(1,751)	(3,290)	(7,177)	(4,008)	(741)	(1,015)	(23)	(68)	(2,065)	(665)	(866)	(180)	(4)	718	(12,627)	(8,508)
Income tax	-	-	-	-	-	-	-	-	65	186	-	-	-	-	65	186
Profit (loss) for the period	15,888	15,836	13,533	72,051	1,069	18,306	602,022	(2,679)	11,676	3,959	910,429	16,962	(59,050)	(12,217)	1,495,567	112,218
Add: depreciation and amortisation	2,029	7,208	15,385	15,600	8,457	4,321	11,423	2,958	14,343	6,588	3,870	205	46	11,790	55,553	48,670
Add: finance costs	1,751	3,290	7,178	4,008	741	1,015	22	68	2,065	665	866	180	4	(718)	12,627	8,508
Gain on acquisition/ disposal of subsidiaries	-	-	(319)	-	-	-	(6,411)	-	-	-	(4,954)	-	-	-	(11,684)	-
Less: income tax	-	-	-	-	-	-	-	-	(65)	(186)	-	-	-	-	(65)	(186)
EBITDA	19,668	26,334	35,777	91,659	10,267	23,642	607,056	347	28,019	11,026	910,211	17,347	(59,000)	(1,145)	1,551,998	169,210
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>	<i>31 December</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
Segment assets	1,153,427	1,093,440	4,252,740	4,218,050	536,820	561,023	3,618,842	3,161,322	1,232,919	1,409,100	8,432,956	3,455,624	443,640	113,721	19,671,344	14,012,280
Segment liabilities	513,131	471,565	2,584,153	2,578,946	222,074	215,242	1,255,692	1,143,826	373,751	573,707	5,091,000	1,199,616	6,000	7,445	10,045,801	6,190,347

22 SUBSEQUENT EVENTS

Subsequent to period end, the Group acquired following entities:

- (i) Blink Biz Holding LLC - 70% equity interest
- (ii) EDE Research Institute Limited - 50% equity interest
- (iii) Emirates International Gas LLC - 50% equity interest
- (iv) Alpha Dhabi Holding LLC – 45% equity interest

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

- (i) Al Seer Marine Supplies and Equipment Company LLC; and
- (ii) Emirates Stallions Properties LLC.

Legal requirements for the aforementioned listing are in process.