

# **Foodco Holding - PJSC**

## **REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2019 (UNAUDITED)**

**Board of Directors' Report  
For the quarter ended March 31, 2019**

The Board of Directors of Foodco Holding PJSC are pleased to report the Consolidated Interim Financial Statements for the period from January 1, 2019 to March 31, 2019.

The Groups' revenue for the quarter ended 31 Mar 19 was AED 56.507 million (2018: 111.619 million) while the loss of the equity owners of the parent company was AED (31.653) million (2018: 43.597 million profit).

The following is the summary of the Financial statements:

	<u>Amount in '000</u>			
	<u>Quarter ended</u>			
	<u>Mar 19</u>	<u>Mar 18</u>	<u>Increase / (Decrease)</u>	
<b><u>Profit and Loss summary</u></b>				
Revenue	56,507	111,619	(55,112)	-49.4%
Gross (Loss)Profit	(12,083)	56,970	(69,053)	-121.2%
Profit / (Loss)	(31,653)	43,597	(75,250)	-172.6%
Earning per share (AED)	(0.264)	0.363	(0.627)	-172.6%

**Analysis of the financial results of Q1,2019 is given here below:**

- \* The Income from the trading activities for the Q1,2019 was AED 95.452 million (Q1,2018: 67.875 million) i.e. 40.6% growth. The net profit from the trading activities for Q1, 2019 was AED 18.871 million (Q1, 2018 : 6.783) i.e. growth of 178%
- \* The Income from investment properties for the Q1,2019 was AED 8.502 million (Q1,2018: 8.986 million) declined by 5.4% increase.
- \* the Loss from the investment in the financial assets for Q1 ,2019 was AED 47.447 million ( Q1, 2018: 34.758 income) .

	<u>Mar 19</u>	<u>Dec 18</u>	<u>Increase / (Decrease)</u>	
			<u>Amount</u>	<u>%</u>
<b><u>Financial position summary</u></b>				
Current Assets	515,348	521,446	(6,098)	-1.2%
Non Current Assets	574,173	615,921	(41,748)	-6.8%
Current Liabilities	526,719	487,042	39,677	8.1%
Non Current Liabilities	116,255	87,934	28,321	32.2%
Total Shareholders' Equity (Parent)	442,829	558,928	(116,099)	-20.8%
Book Value of Share (AED)	3.69	4.66	(0.97)	-20.8%

We confirm our commitment to enhance the core activities of the group to attain sustainable growth.

On behalf of the Board of Directors

Ahmed Ali Khaifan AlMutawa AL Dhaheri  
Chairman

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF

### FOODCO HOLDING PJSC

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Foodco Holding PJSC ("the Company") and its subsidiaries (together "the Group") as at 31 March 2019 comprising of the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statement of profit or loss, interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of 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 the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


#### *Conclusion*

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

#### *Other matters*

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 financial statements on 27 March 2019.

The interim condensed consolidated financial statements of the Group for the period ended 31 March 2018 were reviewed by another auditor who expressed a unmodified conclusion on those interim condensed consolidated financial statements on 14 May 2018.



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

14 May 2019  
Abu Dhabi

# Foodco Holding PJSC

## INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period ended 31 March 2019

	Notes	Three months ended 31 March	
		2019 AED (Unaudited)	2018 AED (Unaudited)
Income from trading activities		95,451,697	67,875,273
Income from investment properties	3	8,502,046	8,985,858
(Loss) / Income from investments	4	<u>(47,447,178)</u>	<u>34,757,681</u>
		56,506,565	111,618,812
Cost of sales		(68,590,019)	(54,649,300)
Selling, general and administrative expenses		(13,684,431)	(9,106,561)
Finance costs		(5,883,760)	(4,432,771)
Other income		<u>-</u>	<u>180,104</u>
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b><u>(31,651,645)</u></b>	<b><u>43,610,284</u></b>
<b>(Loss) / profit attributable to:</b>			
Equity owners of the company		(31,653,381)	43,596,784
Non-controlling interests		<u>1,736</u>	<u>13,500</u>
		<b><u>(31,651,645)</u></b>	<b><u>43,610,284</u></b>
<b>Basic and diluted (loss) / earnings per share</b>	14	<b><u>(0.26)</u></b>	<b><u>0.36</u></b>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

# Foodco Holding PJSC

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 March 2019

	Notes	<i>Three months ended 31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>(LOSS) / PROFIT FOR THE PERIOD</b>		<b>(31,651,645)</b>	43,610,284
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net changes in the fair value of Investments held through other comprehensive income	8	<u>(84,193,370)</u>	<u>34,474,478</u>
<b>Total other comprehensive (loss) / income</b>		<u><b>(84,193,370)</b></u>	<u>34,474,478</u>
<b>Total comprehensive (loss) / income for the period</b>		<u><b>(115,845,015)</b></u>	<u>78,084,762</u>
<b>Total comprehensive (loss) / income attributable to:</b>			
Equity owners of the company		<u>(116,098,878)</u>	78,041,361
Non-controlling interests		<u>253,863</u>	<u>43,401</u>
		<u><b>(115,845,015)</b></u>	<u>78,084,762</u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

# Foodco Holding PJSC

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		11,715,728	9,929,167
Right-of-use assets	2.1	27,069,057	-
Investment properties under development	5	128,616,559	118,870,314
Investment properties	6	230,090,026	230,090,026
Investments held at fair value through other comprehensive income	8	170,732,238	251,082,239
Other assets		<u>5,949,510</u>	<u>5,949,510</u>
		<b>574,173,118</b>	<b>615,921,256</b>
<b>Current assets</b>			
Inventories	7	15,589,840	10,484,387
Investments held at fair value through profit or loss	8	288,878,722	357,088,241
Trade and other receivables	9	200,598,166	147,688,263
Amounts due from related parties	13	329,039	1,067,818
Cash and bank balances	10	<u>9,772,357</u>	<u>4,937,552</u>
		<b>515,168,124</b>	<b>521,266,261</b>
Assets held for sale		<u>180,153</u>	<u>180,153</u>
		<b>515,348,277</b>	<b>521,446,414</b>
<b>TOTAL ASSETS</b>		<b><u>1,089,521,395</u></b>	<b><u>1,137,367,670</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		120,000,000	120,000,000
Legal reserve		60,000,000	60,000,000
Regulatory reserve		60,000,000	60,000,000
Fair value reserve		(109,551,850)	(26,782,321)
Retained earnings		<u>312,380,623</u>	<u>345,709,972</u>
<b>Equity attributable to owners of the Company</b>		<b>442,828,773</b>	<b>558,927,651</b>
Non-controlling interest		<u>3,718,626</u>	<u>3,464,763</u>
<b>Total equity</b>		<b><u>446,547,399</u></b>	<b><u>562,392,414</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits		4,891,555	4,737,141
Lease liabilities	2.1	21,924,407	-
Loans and borrowings	11	<u>89,438,913</u>	<u>83,196,442</u>
		<b>116,254,875</b>	<b>87,933,583</b>
<b>Current liabilities</b>			
Loans and borrowings	11	381,734,336	366,523,951
Trade and other payables	12	114,287,253	93,706,143
Lease liabilities	2.1	4,737,649	-
Amounts due to related parties	13	<u>25,959,883</u>	<u>26,811,579</u>
		<b>526,719,121</b>	<b>487,041,673</b>
<b>Total liabilities</b>		<b><u>642,973,996</u></b>	<b><u>574,975,256</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>1,089,521,395</u></b>	<b><u>1,137,367,670</u></b>

Ahmed Ali Khalfan Al Dhaheri  
Chairman

Rashed Darwaish Ahmed Saif Al Ketbi  
Vice Chairman

Mohammed Habbal  
Chief Financial Officer

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements



## Foodco Holding PJSC

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 March 2019 (Unaudited)

	Share capital AED	Legal reserve AED	Regulatory reserve AED	Fair value reserve AED	Retained earnings AED	Equity attributable to equity owners of the Company AED	Non-controlling interest AED	Total equity AED
At 1 January 2018 (audited)	100,000,000	50,000,000	50,000,000	(41,272,876)	352,251,315	510,978,439	217,686	511,196,125
Profit for the period	-	-	-	-	43,596,784	43,596,784	13,500	43,610,284
Other comprehensive income	-	-	-	35,120,693	(676,116)	34,444,577	29,901	34,474,478
Total comprehensive income for the period	-	-	-	35,120,693	42,920,668	78,041,361	43,401	78,084,762
At 31 March 2018 (unaudited)	100,000,000	50,000,000	50,000,000	(6,152,183)	395,171,983	589,019,800	261,087	589,280,887
At 1 January 2019 (audited)	120,000,000	60,000,000	60,000,000	(26,782,321)	345,709,972	558,927,651	3,464,763	562,392,414
Loss for the period	-	-	-	-	(31,653,381)	(31,653,381)	1,736	(31,651,645)
Other comprehensive loss	-	-	-	(82,769,529)	(1,675,968)	(84,445,497)	252,127	(84,193,370)
Total comprehensive (loss) / income for the period	-	-	-	(82,769,529)	(33,329,349)	(116,098,878)	253,863	(115,845,015)
At 31 March 2019 (unaudited)	120,000,000	60,000,000	60,000,000	(109,551,850)	312,380,623	442,828,773	3,718,626	446,547,399

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March 2019

	Notes	<i>Three month period ended</i>	
		<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
<b>OPERATING ACTIVITIES</b>			
(Loss) / profit for the period		<b>(31,651,645)</b>	43,610,284
Adjustments for:			
Depreciation		<b>519,960</b>	563,086
Finance costs		<b>5,883,760</b>	4,432,771
Provision for employees' end of service benefits		<b>154,414</b>	428,305
Net changes in fair value of investments held at fair value through profit or loss	8	<b>66,073,679</b>	(5,459,648)
Dividend income		<b>(17,643,910)</b>	(29,865,763)
Allowance for expected credit loss of trade and other receivables	9	<b>5,664,726</b>	1,016,530
Gain on Sale of investments held at fair value through profit or loss		<b>(982,591)</b>	-
Provision for slow moving inventories, Net	7	<b>689,767</b>	137,525
		<b><u>28,708,160</u></b>	<u>14,863,090</u>
Working capital changes:			
Inventories		<b>(5,795,220)</b>	1,762,013
Trade and other receivables		<b>(58,981,630)</b>	39,622,688
Amounts due from related parties		<b>738,779</b>	(684,046)
Asset held for sale		-	5,603
Trade and other payables		<b>20,581,110</b>	13,661,859
Amounts due to related parties		<b>851,696</b>	(7,653,483)
Net cash flow (used in) from operating activities		<b><u>(13,897,105)</u></b>	<u>61,577,724</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(2,306,522)</b>	(44,775)
Proceeds from disposal of Investments		<b>8,623,544</b>	17,117,136
Purchase of investments	8	<b>(11,024,450)</b>	(45,200,737)
Additions of investment properties under development	5	<b>(9,746,245)</b>	(6,298,879)
Net cash flows (used in) from Investing activities		<b><u>(14,453,673)</u></b>	<u>(34,427,255)</u>
<b>FINANCING ACTIVITIES</b>			
Proceeds from bank borrowings		<b>27,803,214</b>	-
Repayment of bank borrowings		<b>(6,350,358)</b>	30,383,410
Finance costs paid		<b>(5,828,116)</b>	(4,432,771)
Net cash flows from financing activities		<b><u>15,624,740</u></b>	<u>25,950,639</u>
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(12,726,038)</b>	53,101,108
Cash and cash equivalents at 1 January		<b>(326,590,108)</b>	(319,551,552)
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>	10	<b><u>(339,316,146)</u></b>	<u>(266,450,044)</u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.



# Foodco Holding PJSC

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 1 GENERAL

Foodco Holding - P.J.S.C. (the "Company") is a public shareholding company incorporated in Abu Dhabi, United Arab Emirates. The Company was established in 1979. It is regulated and listed on the Abu Dhabi Securities Exchange. In 2006, the Company changed its name to Foodco Holding - P.J.S.C. and was formerly known as Abu Dhabi National Foodstuff Company - P.J.S.C.

The Company is primarily engaged in the import and distribution of foodstuff and household items in the United Arab Emirates, along with investing, development and management of real estate and commercial enterprises. The objectives of the Company include investment in or establishment of companies in the same line of business and investment in or establishment of factories in the processing or canning of foodstuff as well as engagement in all operations and investments in and outside the United Arab Emirates.

The principal activities, country of incorporation and operation, and ownership interest of the Company in the subsidiaries are set out below:

<i>Name of subsidiary</i>	<i>Interest (%)</i>		<i>Country of incorporation</i>	<i>Principal activity</i>
	<i>31 March 2019</i>	<i>31 December 2018</i>		
Oasis National Foodstuff Company LLC	100%	100%	UAE	Packing of foodstuff
FOODCO National Foodstuff PSC (Formerly known as Sense Gourmet Food Company PSC)	98.75%	98.75%	UAE	Catering services and restaurant business
5 P L Logistics Solutions LLC	100%	100%	UAE	Shipment, clearance and warehousing services
Abu Dhabi National Catering LLC	100%	100%	UAE	Catering services and wholesale of foodstuff

On 21 May 2018, the Shareholders of the subsidiary, FOODCO National Foodstuff PSC, resolved to increase the share capital by AED 271,477,871. This resulted in increase in shareholding of the Company in the subsidiary from 95.6% to 98.75%.

On 31 December 2018, the Shareholders of the Company resolved to transfer its entire ownership in Abu Dhabi National Foodstuff Company to the subsidiary, FOODCO National Foodstuff PSC.

The interim consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 14 May 2019.

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" and also comply with the applicable requirements of laws in the UAE.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual financial statements for the year 31 December 2018. In addition, the results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)****Significant accounting policies**

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 2018, 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, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below. The other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

**Impact on adoption of IFRS 16**

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').

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

	<i>AED</i>
<b>Assets</b>	
Right-of-use assets	29,151,453
Prepayments	<u>(364,397)</u>
<b>Total assets</b>	<b><u>28,787,056</u></b>
<b>Liabilities</b>	
Lease liabilities	<u>28,787,056</u>
<b>Total liabilities</b>	<b><u>28,787,056</u></b>
<b>Total adjustment on equity:</b>	
Retained earnings	<u>                    -</u>
	<u>                    -</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) continued****Impact on adoption of IFRS 16 continued****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:

<b>Operating lease commitments as at 31 December 2018 (AED)</b>	<b>32,327,086</b>
Incremental borrowing rate as at 1 January 2019	5.5%
Discounted operating lease commitments at 1 January 2019 (AED)	<b>28,787,056</b>
Adjustment of commitments relating to leases of low value assets (AED)	<u>                    </u>
<b>Lease liabilities as at 1 January 2019 (AED)</b>	<b><u>28,787,056</u></b>

**Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

*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 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.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) continued****Impact on adoption of IFRS 16 continued****Summary of new accounting policies continued***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.

*Significant judgement in 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.

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

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

	<i>Right-of-use assets AED</i>	<i>Lease liabilities AED</i>
As at 1 January 2019	29,151,453	28,787,056
Depreciation expense	(2,082,396)	-
Payments	<u>-</u>	<u>(2,125,000)</u>
<b>As at 31 March 2019</b>	<b><u>27,069,057</u></b>	<b><u>26,662,056</u></b>

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

	<i>31 March 2019 AED (Unaudited)</i>
Current	4,737,649
Non-current	<u>21,924,407</u>
<b>Total</b>	<b><u>26,662,056</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

## 3 INCOME FROM INVESTMENT PROPERTIES

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Rental income	<u>8,502,046</u>	<u>8,985,858</u>

## 4 (LOSS) / INCOME FROM INVESTMENTS

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Dividend income	17,643,910	29,865,763
Gain / (loss) on sale of Investments	982,591	(567,730)
Net changes in fair value of Investments held at fair value through profit or loss (note 8)	<u>(66,073,679)</u>	<u>5,459,648</u>
	<u>(47,447,178)</u>	<u>34,757,681</u>

## 5 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At 1 January	118,870,314	76,336,756
Cost incurred during the period / year	<u>9,746,245</u>	<u>42,533,558</u>
	<u>128,616,559</u>	<u>118,870,314</u>

## 6 INVESTMENT PROPERTIES

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Warehouses	108,441,802	108,441,802
Buildings – residential	80,613,224	80,613,224
Buildings – commercial and residential	76,035,000	76,035,000
Less: change in fair value of investment properties	<u>(35,000,000)</u>	<u>(35,000,000)</u>
	<u>230,090,026</u>	<u>230,090,026</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**6 INVESTMENT PROPERTIES** continued

The movements in the investment properties during the period / year were as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At 1 January	230,090,026	237,090,026
Change in fair value of investment properties	<u>-</u>	<u>(7,000,000)</u>
	<b><u>230,090,026</u></b>	<b><u>230,090,026</u></b>

**7 INVENTORIES**

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Goods for resale	19,964,618	14,531,568
Less: allowance for slow moving inventories	<u>(4,374,778)</u>	<u>(4,047,181)</u>
	<b><u>15,589,840</u></b>	<b><u>10,484,387</u></b>

The movement in the allowance for slow moving inventories was as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At 1 January	4,047,181	5,785,089
Charge for the period / year	689,767	390,000
Written off during the period / year	<u>(362,170)</u>	<u>(2,127,908)</u>
	<b><u>(4,374,778)</u></b>	<b><u>4,047,181</u></b>

**8 INVESTMENTS**

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Investments held at fair value through other comprehensive income	170,732,238	251,082,239
Investments held at fair value through profit and loss	<u>288,878,722</u>	<u>357,088,241</u>
	<b><u>459,610,960</u></b>	<b><u>608,170,480</u></b>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

## 8 INVESTMENTS continued

Investments at fair value through other comprehensive income comprise:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Quoted equity securities inside UAE	155,871,748	222,687,559
Quoted equity securities outside UAE	6,069,344	19,616,336
Unquoted equity securities outside UAE	6,508,181	6,508,181
Unquoted equity securities inside UAE	<u>2,282,965</u>	<u>2,270,163</u>
	<u>170,732,238</u>	<u>251,082,239</u>

Investments held at fair value through profit and loss comprise:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Quoted equity securities inside UAE	276,505,955	335,237,718
Quoted equity securities outside UAE	4,852,017	14,864,173
Investments in mutual funds	<u>7,520,750</u>	<u>6,986,350</u>
	<u>288,878,722</u>	<u>357,088,241</u>

Investment in mutual funds have been held by a related party beneficially on behalf of the Group.

The movement in investments were as follows:

	<i>At fair value through profit or loss 31 March 2019 AED (Unaudited)</i>	<i>At fair value through other comprehensive income 31 March 2019 AED (Unaudited)</i>	<i>At fair value through profit or loss 31 December 2018 AED (Audited)</i>	<i>At fair value through other comprehensive income 31 December 2018 AED (Audited)</i>
At 1 January	357,088,241	251,082,239	304,632,871	182,881,498
Purchase of Investments	1,428,670	9,595,780	95,942,097	54,670,589
Disposal of Investments	<u>(3,564,510)</u>	<u>(5,752,411)</u>	<u>(47,156,084)</u>	<u>(971,015)</u>
Change in fair value	<u>(66,073,679)</u>	<u>(84,193,370)</u>	<u>3,669,357</u>	<u>14,501,167</u>
At end of the period / year	<u>288,878,722</u>	<u>170,732,238</u>	<u>357,088,241</u>	<u>251,082,239</u>

Fair value of financial assets and liabilities

All of the Group's Investments are measured at amortised cost except for investment properties and investment in securities which are measured at fair value. All the financial liabilities are carried at amortised cost. The fair values of financial assets and liabilities carried at amortised cost approximate their carrying values as stated in the consolidated statement of financial position.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

## 8 INVESTMENTS continued

The following table shows the fair values of investment in securities including their levels in the fair value hierarchy.

	<i>Level 1</i> <i>AED</i>	<i>Level 2</i> <i>AED</i>	<i>Level 3</i> <i>AED</i>	<i>Total</i> <i>AED</i>
<b>31 March 2019 (Unaudited)</b>				
<i>Investments at fair value through profit and loss</i>				
Quoted shares	281,357,971	-	-	281,357,971
Mutual funds	-	-	7,520,751	7,520,751
<i>Investments at fair value through other comprehensive income</i>				
Quoted shares	161,941,092	-	-	161,941,092
Unquoted shares	-	-	8,791,146	8,791,146
<b>Total</b>	<b><u>443,299,063</u></b>	<b><u>-</u></b>	<b><u>16,311,897</u></b>	<b><u>459,610,960</u></b>
<b>31 December 2018 (Audited)</b>				
<i>Investments at fair value through profit and loss</i>				
Quoted shares	350,101,891	-	-	350,101,891
Mutual funds	-	-	6,986,350	6,986,350
<i>Investments at fair value through other comprehensive income</i>				
Quoted shares	242,303,895	-	-	242,303,895
Unquoted shares	-	-	8,778,344	8,778,344
<b>Total</b>	<b><u>592,405,786</u></b>	<b><u>-</u></b>	<b><u>15,764,694</u></b>	<b><u>608,170,480</u></b>

## 9 TRADE AND OTHER RECEIVABLES

	<i>31 March</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Trade receivables	203,882,275	154,151,539
Less: allowance for expected credit loss on trade receivables	<u>(30,991,888)</u>	<u>(25,827,162)</u>
	172,890,387	128,324,377
Prepayments	1,075,186	2,227,282
Receivables against sale of investment property	5,800,000	6,089,713
Advances to suppliers	2,380,677	5,710,943
Dividend receivable	17,505,016	-
Other receivables	3,329,171	7,218,219
Less: allowance for expected credit loss of other receivables	<u>(2,382,271)</u>	<u>(1,882,271)</u>
	<b><u>200,598,166</u></b>	<b><u>147,688,263</u></b>



# Foodco Holding PJSC

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

### 9 TRADE AND OTHER RECEIVABLES continued

The movement in the expected credit loss on the trade receivables during the period / year was as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At the beginning of the period / year	25,827,162	22,183,985
Charge for the period / year	5,164,726	17,506,875
Written off during the period / year	<u>-</u>	<u>(13,863,698)</u>
At the end of the period / year	<u><b>30,991,888</b></u>	<u><b>25,827,162</b></u>

Movement in the allowance for expected credit loss on other receivable during the period / year was as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At the beginning of the period / year	1,882,271	2,601,781
Charge for the period / year	500,000	-
Written off during the period / year	<u>-</u>	<u>(719,510)</u>
At the end of the period / year	<u><b>2,382,271</b></u>	<u><b>1,882,271</b></u>

### 10 CASH AND CASH EQUIVALENT

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Cash in hand	359,684	559,464
Cash at banks – current accounts	<u>9,412,673</u>	<u>4,378,088</u>
<b>Cash and bank balances</b>	<b>9,772,357</b>	<b>4,937,552</b>
Less: bank overdrafts / trust receipts	<u>(349,088,503)</u>	<u>(331,527,660)</u>
<b>Cash and cash equivalents</b>	<u><b>(339,316,146)</b></u>	<u><b>(326,590,108)</b></u>

### 11 LOANS AND BORROWINGS

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Secured bank borrowings	122,084,746	118,192,733
Bank overdrafts / trust receipts	<u>349,088,503</u>	<u>331,527,660</u>
	<u><b>471,173,249</b></u>	<u><b>449,720,393</b></u>

The bank overdrafts are repayable on demand and are secured by corporate guarantees of the Company.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

**11 LOANS AND BORROWINGS** continued

Bank overdrafts and secured bank borrowings are repayable as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Current portion	381,734,336	366,523,951
Non-current portion	<u>89,438,913</u>	<u>83,196,442</u>
	<u>471,173,249</u>	<u>449,720,393</u>

**12 TRADE AND OTHER PAYABLES**

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade payables	96,917,494	63,533,675
Accruals	14,113,662	12,609,959
Other payables	<u>3,256,097</u>	<u>17,562,509</u>
	<u>114,287,253</u>	<u>93,706,143</u>

**13 RELATED PARTY TRANSACTIONS AND BALANCES**

In the ordinary course of business the Group enters into transactions which are carried out on commercially agreed terms, with other business enterprises or individuals that fall within the definition of a related party contained in International Accounting Standard 24. The Group has a related party relationship with its executive officers and business entities over which they can exercise significant influence or which can exercise significant influence over the Group.

The related party transactions, outstanding balances and related income and expenses were as follows:

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
<i>Amounts due from related parties</i>		
Board of directors	-	160,380
Shareholders	<u>329,039</u>	<u>907,438</u>
	<u>329,039</u>	<u>1,067,818</u>
<i>Amounts due to related parties</i>		
Board of directors	2,290,682	3,350,000
Shareholders	<u>23,669,201</u>	<u>23,461,579</u>
	<u>25,959,883</u>	<u>26,811,579</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

## 13 RELATED PARTY TRANSACTIONS AND BALANCES continued

Significant transactions with related parties comprised:

	<i>Three month period ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Sales	<u>148,713</u>	<u>228,859</u>
Purchases and other charges	<u>8,677,255</u>	<u>5,937,804</u>

## Key management personnel compensation

	<i>Three month period ended</i>	
	<i>31 March 2019 AED (Unaudited)</i>	<i>31 March 2018 AED (Unaudited)</i>
Management compensation	<u>786,398</u>	<u>517,000</u>

## 14 BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the (loss) / profit for the period attributable to equity owners of the company by the weighted average number of shares outstanding during the period.

The following reflects the (loss) / profit and share data used in the basic earnings per share computations:

	<i>Three month period ended</i>	
	<i>31 March 2019 (Unaudited)</i>	<i>31 March 2018 (Audited)</i>
(Loss)/profit for the period attributable to equity holders of the parent (AED)	<u>(31,653,381)</u>	<u>43,596,784</u>
Weighted average number of ordinary shares issued (AED)	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted (loss) /earnings per share (AED)	<u>(0.26)</u>	<u>0.36</u>

Weighted average number of shares outstanding for the three month periods ended 31 March 2018 have been retrospectively adjusted to include the 20% bonus shares approved in the shareholders' Annual General Meeting (AGM) held on 24 April 2018.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

## 15 CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>31 March 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Bank guarantees	<u>72,261,808</u>	<u>72,261,808</u>

## 16 SEGMENT INFORMATION

For operating purposes, the Group is organised into four major business segments:

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Officer in order to allocate resources to the segment and to assess its performance.

For operating purposes, the Group is organised into four major business segments:

- i). Investing in securities ("Investment in securities");
- ii). Investing in properties ("Investment properties");
- iii). Marine, air and land shipment services along with management and operation of store and warehouses ("Freight forwarding and storage"); and
- iv). Wholesale and distribution of food products ("Trading").

Transactions between segments are conducted at rates determined by management taking into consideration the cost of funds.

Foodco Holding PJSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

16 SEGMENT INFORMATION continued

For the three month period ended 31 March 2019 (unaudited):

	Investment in securities AED	Investment properties AED	Freight Forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	(47,447,178)	8,502,946	404,827	95,046,870	—	—	56,506,565
Income – internal	—	744,438	762,402	3,520	—	(1,510,360)	—
Profit / (loss) for the period	(47,447,178)	1,915,928	(1,263,673)	18,871,422	(3,728,144)	—	(31,651,645)

For the three month period ended 31 March 2018 (unaudited):

	Investment in securities AED	Investment properties AED	Freight Forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	34,757,681	8,985,858	818,619	67,056,654	—	—	111,618,812
Income – internal	—	994,438	325,322	3,667	—	(1,323,427)	—
Profit / (loss) for the year	34,757,681	2,864,633	—	6,783,379	(795,409)	—	43,610,284

Foodco Holding PJSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2019 (Unaudited)

16 SEGMENT INFORMATION continued

The segment assets and liabilities are as follows:

As at 31 March 2019 (unaudited):

<i>AED</i>	<i>Investment in securities AED</i>	<i>Investment properties AED</i>	<i>Freight Forwarding and Storage AED</i>	<i>Trading AED</i>	<i>Others AED</i>	<i>Elimination AED</i>	<i>Consolidated</i>
Assets	<u>459,610,960</u>	<u>385,775,642</u>	<u>1,894,753</u>	<u>267,996,951</u>	<u>274,814,761</u>	<u>(300,571,672)</u>	<u>1,089,521,395</u>
Liabilities	<u>4,823,732</u>	<u>536,601,081</u>	<u>24,452,364</u>	<u>102,130,194</u>	<u>6,647,187</u>	<u>(31,680,562)</u>	<u>642,973,996</u>

As at 31 December 2018 (audited):

<i>AED</i>	<i>Investment in securities AED</i>	<i>Investment properties AED</i>	<i>Freight Forwarding and storage AED</i>	<i>Trading AED</i>	<i>Others AED</i>	<i>Elimination AED</i>	<i>Consolidated AED</i>
Assets	<u>464,902,758</u>	<u>435,543,338</u>	<u>237,046,422</u>	<u>2,398,813</u>	<u>8,109,406</u>	<u>(10,633,067)</u>	<u>1,137,367,670</u>
Liabilities	<u>252,790,700</u>	<u>232,176,643</u>	<u>72,090,557</u>	<u>23,576,023</u>	<u>1,639,446</u>	<u>(7,298,113)</u>	<u>574,975,256</u>

**17 DIVIDENDS**

At the Annual General Meeting held on 23 April 2019, shareholders' approved cash dividend of AED 12,000 thousands, representing 10% of the issued share capital (2018: cash dividend of AED 20,000 thousands, representing 20% of the issued share capital and stock dividend of 20% of the issued share capital).