

Foodco Holding - PJSC

REVIEW REPORT AND INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2019 (UNAUDITED)

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 consolidated statement of financial position of Foodco Holding PJSC (the “Company”) and its subsidiaries (together “the Group”) as at 30 June 2019 and the related interim consolidated statement of profit or loss and interim consolidated statement of comprehensive income for the three month and six month periods then ended and the interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*. (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 30 June 2018 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 9 August 2018.



Signed by:
Mohammad Mobin Khan
Partner
Ernst & Young
Registration No 532

8 August 2019
Abu Dhabi

Foodco Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2019 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
		AED	AED	AED	AED
Income from trading activities		92,132,001	81,349,292	187,583,698	149,224,565
Income from investment properties	3	9,474,358	8,737,632	17,976,404	17,723,490
(Loss) / income from investments	4	(16,649,433)	(5,545,023)	(64,096,611)	<u>29,212,658</u>
		84,956,926	84,541,901	141,463,491	196,160,713
Cost of sales		(68,932,313)	(62,633,485)	(137,522,332)	(117,282,785)
Selling, general and administrative expenses		(18,068,323)	(13,088,609)	(31,752,754)	(22,195,170)
Finance costs		(6,202,965)	(3,861,211)	(12,086,725)	(8,293,982)
Other income		13,090	8,093	13,090	<u>188,197</u>
(LOSS) / PROFIT FOR THE PERIOD		<u>(8,233,585)</u>	<u>4,966,689</u>	<u>(39,885,230)</u>	<u>48,576,973</u>
(Loss) / profit attributable to:					
Equity owners of the company		(8,648,253)	4,967,099	(40,301,634)	48,563,883
Non-controlling interests		414,668	(410)	416,404	<u>13,090</u>
		<u>(8,233,585)</u>	<u>4,966,689</u>	<u>(39,885,230)</u>	<u>48,576,973</u>
Basic and diluted (loss) / earnings per share attributable to equity holders of the Parent	14	<u>(0.07)</u>	<u>0.04</u>	<u>(0.34)</u>	<u>0.40</u>

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 three and six months ended 30 June 2019 (Unaudited)

	Note	Three months ended 30 June		Six months ended 30 June	
		2019 AED	2018 AED	2019 AED	2018 AED
(LOSS) / PROFIT FOR THE PERIOD		(8,233,585)	4,966,689	(39,885,230)	48,576,973
Other comprehensive income:					
<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	(32,292,171)	(40,502,286)	(116,485,541)	(6,027,808)
Total other comprehensive loss		(32,292,171)	(40,502,286)	(116,485,541)	(6,027,808)
Total comprehensive (loss)/ income for the period		(40,525,756)	(35,535,597)	(156,370,771)	42,549,165
Total comprehensive (loss)/ income attributable to:					
Equity owners of the company		(40,663,725)	(35,494,674)	(156,762,603)	42,546,687
Non-controlling interest		137,969	(40,923)	391,832	2,478
		(40,525,756)	(35,535,597)	(156,370,771)	42,549,165

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 30 June 2019

	Notes	30 June 2019 AED (Unaudited)	31 December 2018 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		9,766,026	9,929,167
Right-of-use assets	2.1	24,622,264	-
Investment properties under development	5	132,048,240	118,870,314
Investment properties	6	230,090,026	230,090,026
Investments held at fair value through other comprehensive income	8	143,628,633	251,082,239
Other assets		<u>5,949,510</u>	<u>5,949,510</u>
		546,104,699	615,921,256
Current assets			
Inventories	7	21,736,872	10,484,387
Investments held at fair value through profit and loss	8	288,385,474	357,088,241
Trade and other receivables	9	193,038,202	147,688,263
Amounts due from related parties	13	3,101,860	1,067,818
Cash and bank balances	10	<u>9,219,045</u>	<u>4,937,552</u>
		515,481,453	521,266,261
Assets held for sale		<u>180,153</u>	<u>180,153</u>
		515,661,606	521,446,414
TOTAL ASSETS		1,061,766,305	1,137,367,670
EQUITY AND LIABILITIES			
Equity			
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		(141,452,221)	(26,782,321)
Retained earnings		<u>291,617,269</u>	<u>345,709,972</u>
Equity attributable to owners of the Company		390,165,048	558,927,651
Non-controlling interests		<u>3,856,595</u>	<u>3,464,763</u>
Total equity		394,021,643	562,392,414
Liabilities			
Non-current liabilities			
Employees' end of service benefits		5,243,982	4,737,141
Lease liabilities	2.1	16,921,899	-
Loans and borrowings	11	<u>134,275,759</u>	<u>83,196,442</u>
		156,441,640	87,933,583
Current liabilities			
Loans and borrowings	11	370,328,425	366,523,951
Trade and other payables	12	129,524,211	93,706,143
Lease liabilities	2.1	7,884,705	-
Amounts due to related parties	13	<u>3,565,681</u>	<u>26,811,579</u>
		511,303,022	487,041,673
Total liabilities		667,744,662	574,975,256
TOTAL EQUITY AND LIABILITIES		1,061,766,305	1,137,367,670
Ahmed Ali Khalfan Al Dhaheri Chairman	Rashed Darwaish Ahmed Saif Al Ketbi Vice Chairman	Mohammad Hafiz 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 30 June 2019 (Unaudited)

	Attributable to the equity holders of the Parent							Non-controlling interests AED	Total equity AED
	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			
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	-	-	-	-	48,563,883	48,563,883	13,090	48,576,973	
Other comprehensive loss	-	-	-	(5,341,080)	(676,116)	(6,017,196)	(10,612)	(6,027,808)	
Total comprehensive income for the period	-	-	-	(5,341,080)	47,887,767	42,546,687	2,478	42,549,165	
Issue of bonus shares (note 17)	20,000,000	-	-	-	(20,000,000)	-	-	-	
Dividends (note 17)	-	-	-	-	(20,000,000)	-	-	(20,000,000)	
Transfer to reserve	-	10,000,000	10,000,000	-	(20,000,000)	-	-	-	
At 30 June 2018 (unaudited)	120,000,000	60,000,000	60,000,000	(46,613,956)	340,139,082	533,525,126	220,164	533,745,290	
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	-	-	-	-	(40,301,634)	(40,301,634)	416,404	(39,885,230)	
Other comprehensive loss	-	-	-	(114,669,900)	(1,791,069)	(116,460,969)	(24,572)	(116,485,541)	
Total comprehensive (loss) / income for the period	-	-	-	(114,669,900)	(42,092,703)	(156,762,603)	391,832	(156,370,771)	
Dividends (note 17)	-	-	-	-	(12,000,000)	(12,000,000)	-	(12,000,000)	
At 30 June 2019 (unaudited)	120,000,000	60,000,000	60,000,000	(141,452,221)	291,617,269	390,165,048	3,856,595	394,021,643	

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

Foodco Holding PJSC

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2019

		<i>Six months period ended</i>	
		<i>30 June</i>	<i>30 June</i>
		<i>2019</i>	<i>2018</i>
		<i>AED</i>	<i>AED</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
(Loss) / profit for the period		(39,885,230)	48,576,973
Adjustments for:			
Depreciation on property, plant and equipment		1,371,610	1,146,407
Depreciation on right of use assets		4,164,792	-
Finance costs		12,086,725	8,293,982
Provision for employees' end of service benefits		611,932	1,184,334
Net changes in fair value of investments held			
at fair value through profit or loss	8	84,466,266	2,758,396
Allowance for expected credit loss of trade and other receivables	9	9,915,819	2,193,723
Gain on sale of investments held at fair value through profit and loss	4	(2,865,777)	(273,934)
Gain on sale of asset held for sale		-	(36,790)
Provision/ (reversal) of provision for slow moving inventories, net	7	353,118	(863,142)
		70,219,255	62,979,949
Working capital changes:			
Inventories		(11,605,603)	494,296
Trade and other receivables		(55,265,758)	43,455,773
Amounts due from related parties		(2,034,042)	48,850
Assets held for sale		-	42,408
Trade and other payables		33,461,324	11,315,646
Amounts due to related parties		(23,245,898)	(12,203,483)
Cash flow from operating activities		11,529,278	106,133,439
Employees end of service benefits paid		(105,091)	(411,383)
Net cash flow from operating activities		11,424,187	105,722,056
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,208,469)	(309,049)
Purchase of investments		(50,284,804)	(82,042,118)
Proceeds from disposal of investments		28,355,147	24,772,460
Additions to investment properties under development	5	(13,177,926)	(13,400,469)
Net cash flows used in investing activities		(36,316,052)	(70,979,176)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		174,228,335	54,722,797
Repayment of bank borrowings		(20,247,475)	(14,467,055)
Principal paid on lease liability		(3,980,452)	-
Dividends paid		(12,000,000)	(20,000,000)
Finance costs paid		(9,729,981)	(8,206,604)
Net cash flows from financing activities		128,270,427	12,049,138
INCREASE IN CASH AND CASH EQUIVALENTS		103,378,562	46,792,018
Cash and cash equivalents at 1 January		(326,590,108)	(319,551,552)
CASH AND CASH EQUIVALENTS AT 30 June	10	(223,211,546)	(272,759,534)

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

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 its subsidiaries are set out below:

<i>Name of subsidiary</i>	<i>Interest (%)</i>		<i>Country of incorporation</i>	<i>Principal activity</i>
	<i>30 June 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 an wholesale of foodstuff
Abu Dhabi National Foodstuff Company	100%	100%	UAE	Catering services an 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 an increase in the 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 its subsidiary, FOODCO National Foodstuff PSC.

The interim consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 5 August 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.

2 BASIS OF PREPARATION continued

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 six months ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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').

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

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

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

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

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

2 BASIS OF PREPARATION continued**2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)** continued**Nature of the effect of adoption of IFRS 16** continued

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

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

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.

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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

2 BASIS OF PREPARATION continued**2.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)** continued**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	(4,529,189)	-
Interest expenses	-	269,548
Payments	-	<u>(4,250,000)</u>
As at 30 June 2019	<u>24,622,264</u>	<u>24,806,604</u>

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

	<i>30 June 2019 AED (Unaudited)</i>
Current	
Non-current	7,884,705
	<u>16,921,899</u>
Total	<u>24,806,604</u>

3 INCOME FROM INVESTMENT PROPERTIES

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2019 AED (Unaudited)</i>	<i>2018 AED (Unaudited)</i>	<i>2019 AED (Unaudited)</i>	<i>2018 AED (Unaudited)</i>
Rental income	<u>9,474,358</u>	<u>8,737,632</u>	<u>17,976,404</u>	<u>17,723,490</u>

4 (LOSS) / INCOME FROM INVESTMENTS

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2019 AED (Unaudited)</i>	<i>2018 AED (Unaudited)</i>	<i>2019 AED (Unaudited)</i>	<i>2018 AED (Unaudited)</i>
Dividend income	(140,032)	1,831,357	17,503,878	31,697,120
Gain on sale of investments	1,883,186	841,664	2,865,777	273,934
Net changes in fair value of investments held at fair value through profit or loss (note 8)	<u>(18,392,587)</u>	<u>(8,218,044)</u>	<u>(84,466,266)</u>	<u>(2,758,396)</u>
	<u>(16,649,433)</u>	<u>(5,545,023)</u>	<u>(64,096,611)</u>	<u>29,212,658</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

5 INVESTMENT PROPERTIES UNDER DEVELOPMENT

	<i>30 June 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>13,177,926</u>	<u>42,533,558</u>
	<u>132,048,240</u>	<u>118,870,314</u>

6 INVESTMENT PROPERTIES

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

	<i>30 June 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>
	<u>230,090,026</u>	<u>230,090,026</u>

7 INVENTORIES

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Goods for resale	26,137,171	14,531,568
Less: allowance for slow moving inventories	<u>(4,400,299)</u>	<u>(4,047,181)</u>
	<u>21,736,872</u>	<u>10,484,387</u>

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

	<i>30 June 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	353,118	390,000
Written off during the period / year	<u>-</u>	<u>(2,127,908)</u>
	<u>4,400,299</u>	<u>4,047,181</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

8 INVESTMENTS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Investments held at fair value through other comprehensive income	143,628,633	251,082,239
Investments held at fair value through profit and loss	<u>288,385,474</u>	<u>357,088,241</u>
	<u>432,014,107</u>	<u>608,170,480</u>

Investments at fair value through other comprehensive income comprise:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Quoted equity securities inside UAE	128,806,235	222,687,559
Quoted equity securities outside UAE	6,008,356	19,616,336
Unquoted equity securities inside UAE	6,513,954	6,508,181
Unquoted equity securities outside UAE	<u>2,300,088</u>	<u>2,270,163</u>
	<u>143,628,633</u>	<u>251,082,239</u>

Investments held at fair value through profit and loss comprise:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Quoted equity securities inside UAE	279,246,351	335,237,718
Investments in mutual funds	7,520,751	6,986,350
Quoted equity securities outside UAE	<u>1,618,372</u>	<u>14,864,173</u>
	<u>288,385,474</u>	<u>357,088,241</u>

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

8 INVESTMENTS continued

The movement in investments were as follows:

	<i>At fair value through profit and loss 30 June 2019 AED (Unaudited)</i>	<i>At fair value through other comprehensive income 30 June 2019 AED (Unaudited)</i>	<i>At fair value through profit and 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	35,358,791	14,926,013	95,942,097	54,670,589
Disposal of Investments	<u>(19,595,292)</u>	<u>(5,894,078)</u>	<u>(47,156,084)</u>	<u>(971,015)</u>
	372,851,740	260,114,174	353,418,884	236,581,072
Change in fair value	<u>(84,466,266)</u>	<u>(116,485,541)</u>	<u>3,669,357</u>	<u>14,501,167</u>
At end of the period / year	<u>288,385,474</u>	<u>143,628,633</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 investments in securities which are measured at fair value. All 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 interim consolidated statement of financial position.

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

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>	<i>Total AED</i>
30 June 2019 (Unaudited)				
Investments at fair value through profit and loss				
Quoted shares	280,864,723	-	-	280,864,723
Mutual funds	-	7,520,751	-	7,520,751
Investments at fair value through other comprehensive income				
Quoted shares	134,814,591	-	-	134,814,591
Unquoted shares	-	-	8,814,042	8,814,042
Total	<u>415,679,314</u>	<u>7,520,751</u>	<u>8,814,042</u>	<u>432,014,107</u>
31 December 2018 (Audited)				
Investments at fair value through profit and loss				
Quoted shares	350,101,891	-	-	350,101,891
Mutual funds	-	6,986,350	-	6,986,350
Investments at fair value through other comprehensive income				
Quoted shares	242,303,895	-	-	242,303,895
Unquoted shares	-	-	8,778,344	8,778,344
Total	<u>592,405,786</u>	<u>6,986,350</u>	<u>8,778,344</u>	<u>608,170,480</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

9 TRADE AND OTHER RECEIVABLES

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Trade receivables	213,882,695	154,151,539
Less: allowance for expected credit loss on trade receivables	<u>(35,742,981)</u>	<u>(25,827,162)</u>
	178,139,714	128,324,377
Prepayments	5,294,931	2,227,282
Receivables against sale of investment property	-	6,089,713
Advances to suppliers	6,997,751	5,710,943
Other receivables	4,488,077	7,218,219
Less: allowance for expected credit loss on other receivables	<u>(1,882,271)</u>	<u>(1,882,271)</u>
	<u>193,038,202</u>	<u>147,688,263</u>

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

	<i>30 June 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	9,915,819	17,506,875
Written off during the period / year	<u>-</u>	<u>(13,863,698)</u>
At the end of the period / year	<u>35,742,981</u>	<u>25,827,162</u>

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

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
At the beginning of the period / year	1,882,271	2,601,781
Written off during the period / year	<u>-</u>	<u>(719,510)</u>
At the end of the period / year	<u>1,882,271</u>	<u>1,882,271</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

10 CASH AND CASH EQUIVALENTS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Cash in hand	119,532	559,464
Cash at banks – current accounts	<u>9,099,513</u>	<u>4,378,088</u>
Cash and bank balances	9,219,045	4,937,552
Less: bank overdrafts / trust receipts	(232,430,591)	(331,527,660)
Cash and cash equivalents	<u>(223,211,546)</u>	<u>(326,590,108)</u>

11 LOANS AND BORROWINGS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Secured bank borrowings	272,173,593	118,192,733
Bank overdrafts / trust receipts	<u>232,430,591</u>	<u>331,527,660</u>
	<u>504,604,184</u>	<u>449,720,393</u>

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

Bank overdrafts and secured bank borrowings are repayable as follows:

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Current portion	370,328,425	366,523,951
Non-current portion	<u>134,275,759</u>	<u>83,196,442</u>
	<u>504,604,184</u>	<u>449,720,393</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 June 2019

11 LOANS AND BORROWINGS continued

Terms and conditions of bank borrowings are as follows:

Loan	Year of maturity	30 June 2019		31 Dec 2018
		Face value AED	Carrying amount AED (Unaudited)	Carrying amount AED (Audited)
Term loan 1 - Secured	2019	25,000,000	-	1,683,989
Term loan 2 - Secured	2022	50,000,000	30,000,000	35,000,000
Term loan 3 - Unsecured	2019	8,000,000	666,464	1,999,802
Term loan 4 - Secured	2022	50,000,000	27,488,602	36,718,750
Term loan 5 - Secured	2024	30,737,272	27,532,778	17,290,192
Term loan 6 - Secured	2022	30,000,000	22,500,000	25,500,000
Term loan 7 - Secured	2024	47,000,000	47,000,000	-
Term loan 8 - Secured	2027	20,466,879	20,466,879	-
Term loan 9 - Unsecured	2018	75,000,000	75,000,000	-
Term loan 10 - Secured	2019	21,518,870	21,518,870	-
Total			272,173,593	118,192,733

Term loan 1 was obtained in June 1993 from the Department of Social Services and Commercial Buildings (DSSCB) of the Government of Abu Dhabi. It is secured by a charge over the commercial and residential building. The purpose of the loan is to finance the development and construction of residential cum commercial properties.

Term loan 2 was obtained in June 2017 from a local bank. It is secured by a first-degree mortgage over the commercial and residential buildings. The purpose of the loan is to support the Group's operations and for working capital requirements.

Term loan 3 was converted from an existing overdraft to a long-term loan in September 2016 for AED 8,000 thousand from a local bank. The purpose of the loan is for settlement of trust receipts.

Term loan 4 was obtained in May 2016 from a local bank for AED 50,000 thousand. It is secured by a registered pledge over shares. The purpose of the loan is to support the Group's working capital requirements.

Term loan 5 was obtained in April 2017 from a local bank for AED 30,737 thousand. It is secured by a registered pledge over land and a building under construction. The purpose of the loan is to finance the development and construction of properties.

Term loan 6 was obtained in February 2018 from a local bank for AED 30,000 thousand. It is secured by a registered pledge over investments in securities. The purpose of the loan is to support the Group's working capital requirements.

Term loan 7 is a revolving loan obtained in April 2019 from a local bank for AED 47,000 thousand. It is secured by mortgages against commercial and residential buildings. The purpose of the loan is to support the Group's working capital requirements.

Term loan 8 was obtained in May 2019 from a local bank for AED 20,467 thousand. It is secured by a registered pledge over land and a building under construction. The purpose of the loan is to support the Group's working capital requirements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

11 LOANS AND BORROWINGS continued

Term loan 9 is a revolving loan obtained in June 2014 from a local bank for AED 75,000 thousand. The purpose of the loan is to support the Group's working capital requirements.

Term Loan 10 is a revolving loan obtained in February 2019 from a local bank for AED 22,156 thousand. It's secured by a registered pledge over shares. The purpose of the loan is to support the Group's working capital requirements.

The average interest rates during the year were as follows:

Bank overdrafts	1 month EIBOR + margin
Term loans	1 to 3 months EIBOR + margin
Term loans – DSSCB (through ADCP)	3% fixed rate per annum

12 TRADE AND OTHER PAYABLES

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
Trade payables	100,431,022	63,533,675
Accruals	18,963,271	12,609,959
Advances from customer	8,933,065	3,675,271
Other payables	<u>1,196,853</u>	<u>13,887,238</u>
	<u>129,524,211</u>	<u>93,706,143</u>

13 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise the Shareholders directors and key management of the company and entities in which they have the ability to control and exercise significant influence in financial and operating decisions. Pricing policies and terms of these transactions are approved by the Company's management.

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

	<i>30 June</i> <i>2019</i> <i>AED</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2018</i> <i>AED</i> <i>(Audited)</i>
<i>Amounts due from related parties</i>		
Board of directors	640,779	160,380
Shareholders	<u>2,461,081</u>	<u>907,438</u>
	<u>3,101,860</u>	<u>1,067,818</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 June 2019

13 RELATED PARTY TRANSACTIONS AND BALANCES continued

	30 June 2019 AED (Unaudited)	31 December 2018 AED (Audited)
<i>Amounts due to related parties</i>		
Board of directors	2,089,091	3,350,000
Shareholders	<u>1,476,590</u>	<u>23,461,579</u>
	<u>3,565,681</u>	<u>26,811,579</u>

Significant transactions with related parties comprised:

	Three months ended 30 June		Six months ended 30 June	
	2019 AED	2018 AED	2019 AED	2018 AED
Sales	<u>520,556</u>	<u>760,783</u>	<u>669,269</u>	<u>989,642</u>
Purchases and other charges	<u>2,241,227</u>	<u>7,063,878</u>	<u>10,918,482</u>	<u>13,001,682</u>

Key management personnel compensation

The remuneration of members of key management during the year was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019 AED	2018 AED	2019 AED	2018 AED
Short term benefits	5,538,873	1,264,915	6,298,067	1,749,739
Employees' end of service benefits	<u>33,378</u>	<u>18,565</u>	<u>60,983</u>	<u>50,741</u>
Total	<u>5,572,251</u>	<u>1,283,480</u>	<u>6,359,050</u>	<u>1,800,480</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:

	Three months period ended		Six months period ended	
	30 June 2019 (Unaudited)	30 June 2018 (Audited)	30 June 2019 (Unaudited)	30 June 2018 (Audited)
(Loss)/profit for the period attributable to equity holders of the parent (AED)	<u>(8,648,253)</u>	<u>4,967,099</u>	<u>(40,301,634)</u>	<u>48,563,883</u>
Weighted average number of ordinary shares issued (AED)	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>
Basic and diluted (loss) /earnings per share (AED)	<u>(0.07)</u>	<u>0.04</u>	<u>(0.34)</u>	<u>0.40</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

15 CONTINGENCIES AND CAPITAL COMMITMENTS

	<i>30 June 2019 AED (Unaudited)</i>	<i>31 December 2018 AED (Audited)</i>
Bank guarantees	<u>49,564,590</u>	<u>72,261,808</u>

16 SEGMENT INFORMATION

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

30 June 2019 (Unaudited)

16 SEGMENT INFORMATION continued

For the six months period ended 30 June 2019 (unaudited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	<u>(64,096,611)</u>	<u>17,976,404</u>	<u>1,635,998</u>	<u>185,947,700</u>	–	–	<u>141,463,491</u>
Income – internal	–	<u>3,035,583</u>	<u>1,515,068</u>	–	–	<u>(4,550,651)</u>	–
(Loss) / profit for the period	<u>(79,100,875)</u>	<u>8,197,185</u>	<u>(2,059,881)</u>	<u>33,086,321</u>	–	<u>(7,980)</u>	<u>(39,885,230)</u>

For the six month period ended 30 June 2018 (unaudited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	<u>29,212,658</u>	<u>17,723,490</u>	<u>817,970</u>	<u>148,406,595</u>	–	–	<u>196,160,713</u>
Income – internal	–	<u>1,988,875</u>	<u>850,985</u>	<u>3,758</u>	–	<u>(2,843,618)</u>	–
Profit / (loss) for the period	<u>23,784,269</u>	<u>8,812,930</u>	<u>(2,239,526)</u>	<u>18,319,300</u>	<u>(100,000)</u>	–	<u>48,576,973</u>

Foodco Holding PJSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2019 (Unaudited)

16 SEGMENT INFORMATION continued

For the three months period ended 30 June 2019 (unaudited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	<u>(16,649,433)</u>	<u>9,474,358</u>	<u>1,231,171</u>	<u>90,900,830</u>	–	–	<u>84,956,926</u>
Income – internal	–	<u>2,291,145</u>	<u>749,146</u>	–	–	<u>(3,040,291)</u>	–
(Loss) / profit for the period	<u>(27,925,553)</u>	<u>6,281,257</u>	<u>(796,208)</u>	<u>14,214,899</u>	–	<u>(7980)</u>	<u>(8,233,585)</u>

For the three months period ended 30 June 2018 (unaudited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Income – external	<u>(5,545,023)</u>	<u>8,737,632</u>	–	<u>81,349,292</u>	–	–	<u>84,541,901</u>
Income – internal	–	<u>994,437</u>	<u>525,663</u>	<u>91</u>	–	<u>(1,520,191)</u>	–
Profit / (loss) for the period	<u>(10,973,412)</u>	<u>5,948,297</u>	<u>(2,239,526)</u>	<u>11,535,921</u>	<u>695,409</u>	–	<u>4,966,689</u>

Foodco Holding PJSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019 (Unaudited)

16 SEGMENT INFORMATION continued

The segment assets and liabilities are as follows:

As at 30 June 2019 (unaudited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Assets	<u>822,813,714</u>	<u>434,844,058</u>	<u>2,546,610</u>	<u>297,290,124</u>	<u>1,187,120</u>	<u>(496,915,321)</u>	<u>1,061,766,305</u>
Liabilities	<u>546,686,265</u>	<u>88,823,818</u>	<u>25,927,428</u>	<u>109,141,959</u>	<u>935,406</u>	<u>(103,770,214)</u>	<u>667,744,662</u>

As at 31 December 2018 (audited):

	Investment in securities AED	Investment properties AED	Freight forwarding and storage AED	Trading AED	Others AED	Elimination AED	Consolidated AED
Assets	<u>464,902,758</u>	<u>435,543,338</u>	<u>2,398,813</u>	<u>237,046,422</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>23,576,023</u>	<u>72,090,557</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 dividends of AED 12,000 thousands, representing 10% of the issued share capital (2018: cash dividends of AED 20,000 thousands , representing 20% of the issued share capital and stock dividend of 20% of the issued share capital).