

**Al Qudra Holding PJSC and its subsidiaries**  
**Condensed consolidated interim financial information**  
**for the six-month period ended 30 June 2018 (Unaudited)**

## **Al Qudra Holding PJSC and its subsidiaries**

### **Condensed consolidated interim financial information for the six-month period ended 30 June 2018 (Unaudited)**

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## **Review report on condensed consolidated interim financial information to the Board of Directors of Al Qudra Holding PJSC**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Qudra Holding PJSC (the "Company") and its subsidiaries (together referred to as "the Group") as at 30 June 2018 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

### **Emphasis of matter**

We draw attention to Note 8 to the condensed consolidated interim financial information, which indicates that the Group has a plot of land in Syrian Arab Republic. Our conclusion is not qualified in this respect.



**Review report on condensed consolidated interim financial information to the Board of Directors of Al Qudra Holding PJSC (continued)**

**Other matter**

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 and the condensed consolidated interim financial information for the six-month period ended 30 June 2017 were audited and reviewed, respectively, by another auditor, whose reports dated 29 March 2018 and 1 October 2017, expressed an unqualified audit opinion and review conclusion, respectively.

PricewaterhouseCoopers

...14-Aug-2018

A handwritten signature in blue ink, appearing to read 'Jacques E. Fakhoury', written over the printed name.

Jacques E. Fakhoury

Registered Auditor Number 379

Abu Dhabi, United Arab Emirates

# Al Qudra Holding PJSC and its subsidiaries

## Condensed consolidated interim statement of financial position

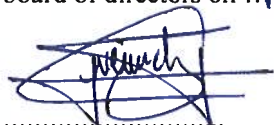
		As at	
		30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Note			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	341,180	314,639
Investment properties	8	2,672,860	2,484,437
Investment in associates		31,135	67,354
Investment in joint ventures		9,225	9,157
Financial assets at fair value through other comprehensive income	9	506,282	605,740
Trade and other receivables	10	43,505	125,156
Due from related parties	11	5,557	5,999
		<u>3,609,744</u>	<u>3,612,482</u>
<b>Current assets</b>			
Inventories		4,574	3,636
Development work in progress	12	398,817	398,567
Trade and other receivables	10	615,054	451,159
Due from related parties	11	16,591	28,374
Cash and bank balances	13	73,003	109,494
		<u>1,108,039</u>	<u>991,230</u>
<b>Total assets</b>		<u>4,717,783</u>	<u>4,603,712</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		808,984	808,984
Legal reserve		266,609	266,609
Merger reserve	6	336,465	336,465
Other reserves		245,885	245,885
Foreign currency translation reserve		(4,005)	(3,924)
Cumulative changes in fair value		114,888	207,413
Retained earnings		396,182	452,043
<b>Equity attributable to Owners of the Company</b>		<u>2,165,008</u>	<u>2,313,475</u>
Non-controlling interests		160,649	147,137
<b>Total equity</b>		<u>2,325,657</u>	<u>2,460,612</u>

# Al Qudra Holding PJSC

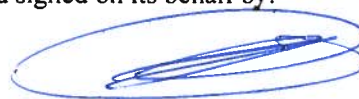
## Condensed consolidated interim statement of financial position (continued)

		As at	
		30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
	Note		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	14	83,088	243,386
Provision for employees' end of service benefits		13,850	12,842
Borrowings	15	1,306,960	828,596
		<u>1,403,898</u>	<u>1,084,824</u>
<b>Current liabilities</b>			
Trade and other payables	14	766,283	609,595
Borrowings	15	161,190	358,257
Due to related parties	11	60,755	90,424
		<u>988,228</u>	<u>1,058,276</u>
<b>Total liabilities</b>		<u>2,392,126</u>	<u>2,143,100</u>
<b>Total equity and liabilities</b>		<u>4,717,783</u>	<u>4,603,712</u>

This condensed consolidated interim financial information was authorised for issue by the board of directors on ..14... August..... 2018 and signed on its behalf by:



Chief Executive Officer



Director

## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of profit or loss

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
Revenue		66,472	125,088	115,766	259,087
Direct costs		(17,400)	(51,517)	(32,018)	(129,222)
<b>Gross profit</b>		49,072	73,571	83,748	129,865
General and administrative expenses		(48,309)	(37,737)	(86,265)	(58,660)
Selling and marketing expenses		(3,144)	(2,187)	(4,520)	(3,540)
Dividend income		44,400	45,208	44,400	45,208
Other income, net		6,140	11,709	20,282	11,372
<b>Operating profit</b>		48,159	90,564	57,645	124,245
Finance cost, net		(11,021)	(5,324)	(12,417)	(10,453)
Share of profit/(loss) on investment in joint ventures		105	448	85	(1,129)
<b>Profit for the period</b>		37,243	85,688	45,313	112,663
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		31,770	86,637	31,801	116,272
Non-controlling interests		5,473	(949)	13,512	(3,609)
		37,243	85,688	45,313	112,663
<b>Basic and diluted earnings per share (AED)</b>	16	0.039	0.139	0.039	0.187

The notes from 1 to 20 form an integral part of this condensed consolidated interim financial information.

# Al Qudra Holding PJSC and its subsidiaries

## Condensed consolidated interim statement of comprehensive income

	Three-month period ended 30 June		Six-month period ended 30 June	
	2018	2017	2018	2017
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	37,243	85,688	45,313	112,663
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Change in the fair value of financial assets through other comprehensive income	2,737	4,585	(95,248)	4,274
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operation	(27)	595	(81)	1,507
Other comprehensive income for the period	2,710	5,180	(95,329)	5,781
<b>Total comprehensive income/(loss) for the period</b>	39,953	90,868	(50,016)	118,444
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	34,480	91,817	(63,528)	122,053
Non-controlling interests	5,473	(949)	13,512	(3,609)
	39,953	90,868	(50,016)	118,444

The notes from 1 to 20 form an integral part of this condensed consolidated interim financial information.



# Al Qudra Holding PJSC and its subsidiaries

## Condensed consolidated interim statement of changes in equity

	Attributable to Owners of the Company									
					Foreign currency translation reserve AED'000	Cumulative changes in fair value AED'000	Retained earnings AED'000	Total AED'000	Non- controlling interests AED'000	Total equity AED'000
At 1 January 2018 (Audited)	808,984	266,609	336,465	245,885	(3,924)	207,413	452,043	2,313,475	147,137	2,460,612
Impact of changes in new accounting policies (Note 18)	-	-	-	-	-	-	(12,131)	(12,131)	-	(12,131)
At 1 January 2018 (Unaudited)	808,984	266,609	336,465	245,885	(3,924)	207,413	439,912	2,301,344	147,137	2,448,481
Profit for the period	-	-	-	-	-	-	31,801	31,801	13,512	45,313
Loss on disposal of Financial assets at fair value through other comprehensive income recycled to retained earnings	-	-	-	-	-	2,723	(2,723)	-	-	-
Other comprehensive loss for the period	-	-	-	-	(81)	(95,248)	-	(95,329)	-	(95,329)
Total comprehensive (loss)/income for the period	-	-	-	-	(81)	(92,525)	29,078	(63,528)	13,512	(50,016)
Dividends declared	-	-	-	-	-	-	(72,808)	(72,808)	-	(72,808)
At 30 June 2018 (Unaudited)	808,984	266,609	336,465	245,885	(4,005)	114,888	396,182	2,165,008	160,649	2,325,657

The notes from 1 to 20 form an integral part of this condensed consolidated interim financial information.

# Al Qudra Holding PJSC and its subsidiaries

## Condensed consolidated interim statement of changes in equity (continued)

	Attributable to Owners of the Company						
	Share capital AED'000	Legal reserve AED'000	Merger reserve AED'000	Other reserves AED'000	Foreign currency translation reserve AED'000	Cumulative changes in fair value AED'000	Retained earnings AED'000
							Total AED'000
							Non-controlling interests AED'000
							Total equity AED'000
<b>At 1 January 2017 (Audited)</b>	600,000	246,357	-	-	(6,057)	170,753	209,843
Profit for the period	-	-	-	-	-	-	116,272
Other comprehensive income for the period	-	-	-	-	1,507	4,274	-
Total comprehensive income/(loss) for the period	-	-	-	-	1,507	4,274	116,272
<b>Business combination (Note 6)</b>							
Issue of ordinary shares related to business combination	208,984	-	-	-	-	-	-
Acquisition of subsidiary with Non-controlling interests	-	-	-	-	-	-	-
Acquisition of reserves	-	-	336,465	245,885	-	(115)	119,096
Total business combination	208,984	-	336,465	245,885	-	(115)	119,096
Dividends declared	-	-	-	-	-	-	(54,000)
<b>At 30 June 2017 (Unaudited)</b>	808,984	246,357	336,465	245,885	(4,550)	174,912	391,211
							2,199,264
							136,841
							2,336,105

The notes from 1 to 20 form an integral part of this condensed consolidated interim financial information.

# Al Qudra Holding PJSC and its subsidiaries

## Condensed consolidated interim statement of cash flows

Note	Six-month period ended 30 June	
	2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
<b>Operating activities</b>		
Profit for the period	45,313	112,663
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	6,041	1,664
Dividends income	(44,400)	(45,208)
Finance cost, net	12,417	11,366
Provision for employees' end of service benefits net of payment	1,008	336
Share of (profit)/loss on investment in joint ventures	(68)	1,129
Interest income	(665)	(913)
Adjustment for acquired subsidiary profit	-	(1,473)
	<u>19,646</u>	<u>79,564</u>
<b>Changes in working capital:</b>		
Inventories	(938)	16
Development work in progress	(250)	655
Trade and other receivables	(82,503)	15,732
Due from related parties	5,772	5,185
Due to related parties	1,439	(1,081)
Trade and other payables	(33,467)	(42,623)
<b>Net cash flows (used in)/generated from operating activities</b>	<u>(90,301)</u>	<u>57,448</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(34,051)	(4,104)
Purchase of investment properties	(188,423)	-
Dividends received	49,511	48,275
Interest income received	665	913
Increase/(decrease) in time deposits under lien	94	(1,897)
Proceeds from disposal of property, plant and equipment	1,469	-
Proceeds from redemption of financial assets at fair value through other comprehensive income	6,933	339
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(163,802)</u>	<u>43,526</u>

## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of cash flows (continued)

	Note	Six-month period ended 30 June	
		2018 AED'000 (Unaudited)	2017 AED'000 (Unaudited)
<b>Cash flows from financing activities</b>			
Borrowings movement, net		281,297	(143,680)
Dividends paid		(42,951)	(27,555)
Finance costs paid		(20,559)	(11,366)
<b>Net cash flows generated from/(used in) financing activities</b>		<u>217,787</u>	<u>(182,601)</u>
<b>Net decrease in cash and cash equivalents</b>		(36,316)	(81,627)
Net foreign exchange differences		(81)	2,015
Cash and cash equivalents at 1 January		<u>108,900</u>	<u>177,933</u>
<b>Cash and cash equivalents at 30 June</b>		<u><u>72,503</u></u>	<u><u>98,321</u></u>

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six- month ended 30 June 2018**

#### **1 General information**

Al Qudra Holding P.J.S.C. (the “Company”) is a private joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates (UAE). The Company is registered on the secondary market in Abu Dhabi Stock Exchange.

The Company is registered under commercial license No. CN-1002912. The registered office of the Company is at P.O. Box 48111, Abu Dhabi, U.A.E. The Company and its subsidiaries together are referred to as (“the Group”).

The Group is principally engaged in investing in pioneering business ideas and forming strategic partnerships emanating from focused research and the expertise of its founders. The Group envisages subscribing as founder in potentially successful companies, development, management, sales and leasing of real estate projects, launch and manage educational, hospitality and health care projects and acquire controlling interests in strategic companies.

The condensed consolidated interim financial information is reviewed, not audited.

This condensed consolidated interim financial information includes the financial position and the financial performance of the following subsidiaries:

<b>Name of subsidiaries</b>	<b>Place of incorporation and operation</b>	<b>Percentage of ownership</b>	<b>Principal activities</b>
Al Qudra Real Estate LLC	UAE	100%	Real estate management
Al Qudra Holding - Morocco	Morocco	100%	General investment
Smart Hotel Management	Morocco	100%	Hotel management
Smart Hotel Properties	Morocco	100%	Hotel management
Kasr Al Bahr	Morocco	100%	Hospitality
Atlantic Coast Hospitality	Morocco	100%	General investment
Al Qudra Holding Offshore	Morocco	100%	Holding Company
Al Qudra Holding – Syria	Syria	100%	General investment
Al Qudra Real Estate	Syria	100%	Real estate management
Al Qudra Trading LLC	UAE	100%	Commercial project investment
Dana Hospitality LLC	UAE	100%	Hotel management
Ain Al Fayda Real Estate LLC	UAE	100%	Real estate management

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership	Principal activities
Al Qudra Facilities Management Services LLC	UAE	100%	Cleaning and general maintenance for buildings and houses and establishments management services
Al Qudra General Trading Establish	UAE	100%	Commercial project investment
Danat Facility Management LLC	UAE	100%	Facilities management services
Holiday Inn	UAE	100%	Hotel management service
Al Qudra for Agricultural and Development company	UAE	100%	Agriculture development Irrigation network contracting and constructing and maintaining parks and landscape design and planning activities
Envo Scape LLC	UAE	100%	
	British Virgin Islands		
Q General Investments Ltd	Islands	100%	General investment
Al Qudra New Line Oil & Gas Equipment LLC *	UAE	50%	Oil and gas and maintenance services
Buhyarat Ain Al Fayda Real Estate LLC	UAE	100%	Real estate management
Manarah Bay Real Estate	UAE	100%	Real estate management
Q International Limited	UAE	100%	General Investment
Al Qudra Services LLC	UAE	100%	Environmental plants maintenance
Al Qudra and Ravago Investment LLC	UAE	51%	
Q Scape LLC	UAE	51%	General investment Building Maintenance & Landscaping Oil & Gas equipment installation and maintenance services
Q Energy LLC	UAE	60%	
Al Qudra Education LLC	UAE	100%	Education Services
Al Qudra Holding - Algeria	UAE	100%	General Investment
Al Qudra Holding – International LLC	UAE	100%	Industrial Enterprise & Financial Management

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership	Principal activities
Emirates Simulation Academy LLC	UAE	60%	Construction, Operation Management and Development of Training Centre
Q For Commercial Markets Management	UAE	60%	Setup, Ownership and development of commercial Market, Parks and entertainment facilities.
Q Link Transport	UAE	85%	Transportation
Q Car Park LLC *	UAE	50%	Developing, operating, renting and equipping of car parking.
Q Active for Technologies LLC	UAE	51%	Telecommunication system installation and maintenance.
ABNIA for Industrial Holding LLC *	UAE	50%	Activities of cement, glass, iron, wood and electro mechanical industries.
Al Qudra Belarus Ltd.	Belarus	100%	General Investment
Al Qudra Holding - Yemen	Yemen	100%	General Investment
Al Qudra Holding Industrial LLC	UAE	100%	Consultancy in alternative power and industrial projects
Q Parks Establishment	UAE	100%	Touristic resort management & entertainment investment
Al Qudra Health Care LLC	UAE	100%	Health care & hospitality
QP International LLC	UAE	60%	Project Management
Al Rayan Investment PSC	UAE	99.65%	Develop, manage and invest in real estate enterprises
Construction workers residential City LLC	UAE	65%	Real Estate Investment
Moon Flower Real Estate Development LLC	UAE	100%	Real Estate Investment
Green Precast Systems Technology LLC	UAE	60%	General Contracting

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership	Principal activities
Earth Care Agricultural Products LLC	UAE	100%	Agriculture Business
Apex Residential LLC	UAE	100%	Real Estate Investment
Al Rayan Global Real Estate LLC	UAE	100%	Real Estate Investment
Q construction LLC **	UAE	100%	General contracting

\*\* During the reporting period ended 30 June 2018, the Group gained significant control over operating decisions in 'Q construction LLC', which was previously held as an associate with 100% ownership which was not consolidated as the Group had no significant control as at the year ended 31 December 2017.

\*Although the Group owns 50% of the outstanding shares of Al Qudra New Line Oil & Gas LLC, Q Car Park LLC and ABNIA for Industrial Holding LLC, the investment has been classified as a subsidiary by virtue of control over the investee.

#### 2 Basis of preparation and significant accounting policies

##### 2.1 Basis of preparation

This condensed consolidated interim financial information for the six-month period ended 30 June 2018 ("the period") has been prepared in accordance with Accounting Standard IAS 34 'Interim Financial Reporting'.

The condensed consolidated interim financial information does not contain all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017.

The condensed consolidated interim financial information have been presented in United Arab Emirates Dirham ("AED"), which is the functional and presentation currency of the Company and its subsidiary.

##### 2.2 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017 except for the new and amended standards as set out below.



## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **2 Basis of preparation and significant accounting policies (continued)**

##### **2.2 Significant accounting policies (continued)**

###### **2.2.1 Changes in accounting policies**

###### **a) New and amended standards adopted by the Group**

The following new standards became applicable for the current reporting period and the Group had to change its accounting policies and make appropriate adjustments as a result of adopting these standards:

- IFRS 9 “Financial Instruments”, and
- IFRS 15 “Revenue from Contracts with Customers”.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 18.

###### **b) New standards and amendments not early adopted by the Group**

Certain new standards and amendments to existing standards have been published and are mandatory for the Group’s accounting periods beginning after 1 January 2019 or later periods, but have not been early adopted by the Group:

- IFRS 16, ‘Leases’ (effective from 1 January 2019): The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. Leases are ‘capitalised’ by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. The Group is in the process of assessing the potential impact of the application of IFRS 16 on the amounts reported and disclosures made in this condensed consolidated interim financial information.

There are no other IFRS or IFRSIC interpretations that are not yet effective that would be expected to have a material impact on the Group’s condensed consolidated interim financial information.

##### **2.3 Basis of consolidation**

The condensed consolidated interim financial information as at, and for the six-month period ended 30 June 2018 comprises results of the Company and its subsidiaries. The condensed consolidated interim financial information of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **3 Critical accounting estimates and judgements**

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017 other than those in relation to application of new accounting standards as follows:

##### Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, operational risk, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### **4 Financial risk management**

##### **4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements; therefore, it should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended 31 December 2017. The Group's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as of and for the year ended 31 December 2017.

##### **4.2 Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. The Group manages liquidity risk by maintaining adequate bank balances and credit facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 4 Financial risk management (continued)

##### 4.3 Fair value estimation

The Group classifies its valuations of financial instruments carried at fair value and investment properties for which fair value is disclosed in the following levels of fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 30 June 2018</b>				
Investment properties	-	-	2,672,860	2,672,860
Financial assets at fair value through other comprehensive income	661	470,918	34,703	506,282
	<u>661</u>	<u>470,918</u>	<u>2,707,563</u>	<u>3,179,142</u>
<b>At 31 December 2017</b>				
Investment properties	-	-	2,484,437	2,484,437
Financial assets at fair value through other comprehensive income	8,098	492,654	104,988	605,740
	<u>8,098</u>	<u>492,654</u>	<u>2,589,425</u>	<u>3,090,177</u>

The following valuation techniques and significant unobservable inputs were used in measuring Level 3 fair value for financial instruments measured at fair value in the condensed consolidated interim statement of financial position.

- (i) Valuation techniques and significant unobservable inputs

##### Financial assets measured at fair value through other comprehensive income

###### Unquoted shares

Valuation technique: The investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile, prospects and other factors.

Significant unobservable input: the investee's financial position and results, risk profile, prospects and other factors used for the valuation is unobservable.

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **4 Financial risk management (continued)**

##### **4.3 Fair value estimation (continued)**

##### **Financial assets measured at fair value through other comprehensive income (continued)**

Unquoted shares (continued)

Interrelationship between significant unobservable inputs and fair value: The estimated fair value would increase/(decrease) if these significant unobservable inputs were better/(worse).

During the reporting period ended 30 June 2018, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements.

#### **5 Seasonality of operations**

The results for the period ended 30 June 2018 reflect the results of the Group's continuing projects and new projects commenced during the period and are not significantly affected by any seasonal or cyclical operations.

Management has concluded that this does not constitute "highly seasonal" as considered by IAS 34 Interim Financial Reporting. Notwithstanding, the results for the six-month period ended 30 June 2018 are not necessarily indicative of the results that might be expected for the year ending 31 December 2018.

#### **6 Business combination**

On 12 June 2017, the Company has acquired 99.35% of the shares and voting interests in Al Rayan Investment PSC through shares swap. The Company and Al Rayan Investment PSC agreed that the share swap conversion rate would be 2.61 shares of Al Rayan Investment PSC for one share in Al Qudra Holding PJSC.

Accordingly, the Company has issued 208,984 thousand shares at a par value of 1 AED each, to the shareholders of Al Rayan Investment PSC as a consideration for their shares in Al Rayan which amounted to AED 545,449 thousand.

Considering the fact that both Al Qudra Holding and Al Rayan Investment PSC are under common control as the shareholders of Al Qudra Holding own 56.99% of Al Rayan investments shares, the management decided to account for this acquisition in accordance to book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another as per IFRS 3. In applying book value accounting, an adjustment may be required in equity to reflect any difference between the consideration paid and the capital of the acquiree. The management has decided to reflect the adjustment in a capital account, called a 'merger' reserve.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 6 Business combination (continued)

	AED' 000
Shares issued in Al Qudra Holding PJSC (208,984 thousand shares 1 AED each)	208,984
Shares acquired in Al Rayan Investments PSC (5,454 thousand 100 AED each)	545,449
Merger reserve	<u>336,465</u>

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	AED'000 (Audited)
Property, plant and equipment	3,818
Investment properties	1,917,088
Financial instruments at fair value through other comprehensive income	512
Trade receivables	30,736
Cash and cash equivalent	42,813
End of service benefits	(2,315)
Long-term payables	(12,026)
Long-term due to related parties	(8,277)
Long-term bank borrowings	(613,067)
Bank borrowings	(115,150)
Trade and other payables	(147,474)
Total identifiable net assets acquired	<u>1,096,658</u>

#### 7 Property, plant and equipment

During the six-month period ended 30 June 2018, the Group added various types of property, plant and equipment with a cost of AED 34,051 thousand (Year ended 31 December 2017: AED 28,770 thousand). The depreciation expense for the period is AED 6,041 thousand (period ended 30 June 2017: AED 1,664 thousand).

#### 8 Investment properties

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Property under development (i)	1,075,423	887,000
Camps (ii)	800,000	800,000
Land (iii)	715,337	715,337
Buildings (iv)	82,100	82,100
	<u>2,672,860</u>	<u>2,484,437</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 8 Investment properties (continued)

The Group's investment properties were valued at 31 December 2017 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. There have been no major changes in the fair value as at the reporting period.

##### (i) Property under development

During the year 2012, Zones Corp provided a plot of land to Moon Flower Real Estate Development LLC ("Moon Flower"), a sub-subsidiary of the Group for a lease period of thirty years. Moon Flower is in the process of constructing labour/staff camp on this land.

The valuation has been based on the residual method of valuation. The main assumptions used in the valuation are, capitalisation yield rate of 12% and 10% for the 'labour and staff accommodation' and 'commercial element of the building', respectively and that the property will have 5,908 labour accommodation rooms. The property is expected to be completed during the year 2018. As per the valuation report, estimated additional cost to complete as at 31 December 2017 was AED 431,384 thousand.

During the six-month period ended 30 June 2018, total additions of AED 177,465 thousand have been capitalised which mainly represent capital expenditure incurred during the period. It also includes interest cost capitalised during the period.

##### (ii) Camps

The fair value of Construction Workers Residential City project (labour camp) had been determined using the 'Discounted Cash Flow' method as at 31 December 2017. The main assumptions used in the valuation were discount rate of 10.75% and that the ground rent is fixed throughout the lease term.

##### (iii) Land

The following table illustrates the details of the plots of land, which are owned by the Group:

Plot	Location	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Manarah Bay (a)	Abu Dhabi, UAE	236,600	236,600
Khalifa city A (b)	Abu Dhabi, UAE	165,000	165,000
Khalifa city B (b)	Abu Dhabi, UAE	160,000	160,000
Damascus Syria (c)	Syrian Arab Republic	92,737	92,737
Reem Island plot RT6-C7 (d)	Abu Dhabi, UAE	45,000	45,000
Hydra golf walk (d)	Abu Dhabi, UAE	16,000	16,000
		<u>715,337</u>	<u>715,337</u>

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **8 Investment properties (continued)**

##### *(iii) Land (continued)*

##### *(a) Manarah Bay*

The fair value of Manarah Bay had been determined by considering both the Direct Comparison and Residual approaches. As at 31 December 2017 the fair value as per the valuation report was AED 338,000 thousand. However, this value was reduced by AED 101,400 thousand (30%) in line with the estimated reduction in the Ground Floor Area “GFA” of the plot as estimated by management. The final GFA of the plot is dependent on the formal approvals from the respective authorities. During the reporting period ended 30 June 2018, there are no changes made in the estimated reduction in the value of the plot.

##### *(b) Khalifa city A and Khalifa city B*

The Group owns two plots of land in Khalifa City A and Khalifa City B for which the Group intends to construct investment properties for rental income. The fair values of these plots were determined using comparable method utilising market observable inputs.

##### *(c) Damascus Syria*

The Group holds a plot of land in Syrian Arab Republic. The Group’s intention is to develop this plot in future. The plot has been valued by an independent valuer based in Lebanon who had valued the plot at AED 202,513 thousand. Management reduced the fair value to AED 92,737 thousand (55% reduction) considering the historical trend in the valuation and to recover the value of the land due to current political situations.

##### *(d) Reem Island plot RT6-C7 and Hydra golf walk*

The Group owns two plots of land in Reem Island and Hydra golf walk, respectively, for which the Group intends to hold the investment properties for capital appreciation. The fair value of these plots were determined using “Direct Comparison” approach.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 8 Investment properties (continued)

(iii) Land (continued)

(iv) Buildings

Plot	Location	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Al Qudra building (a)	Abu Dhabi, UAE	52,100	52,100
Ain Al Faydah Resort (b)	Al Ain, UAE	29,000	29,000
Al Ghadeer Project - Villa	Abu Dhabi, UAE	1,000	1,000
		<u>82,100</u>	<u>82,100</u>

(a) Al Qudra building

During the year 2016, the Group transferred the transferred the Group's head office building's ground floor, mezzanine floor and floors 1-3 to investment properties as those areas of the property were used for rental generation. The fair value of this building was determined using investment method of valuation (Income Capitalisation).

(b) Ain Al Faydah Resort

The fair value had been determined using the investment method of valuation (net income capitalisation method).

Manarah Bay and Ain Al Fayda resort were initially recorded at a nominal value of AED 1 in accordance with the Group's accounting policy for government grants.

#### 9 Financial assets at fair value through other comprehensive income

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Quoted securities	2,284	8,098
Unquoted securities	503,998	597,642
	<u>506,282</u>	<u>605,740</u>



## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 9 Financial assets at fair value through other comprehensive income (continued)

The movement in financial assets at fair value through other comprehensive income during the period/year is as follows:

	<b>30 June 2018 AED'000 (Unaudited)</b>	<b>31 December 2017 AED'000 (Audited)</b>
At 1 January	605,740	575,934
Additions	-	512
Redemptions	(4,210)	(7,366)
Change in fair value net of (loss)/profits recycled to retained earnings	(95,248)	36,660
At 30 June/31 December	<u>506,282</u>	<u>605,740</u>

#### 10 Trade and other receivables

	<b>30 June 2018 AED'000 (Unaudited)</b>	<b>31 December 2017 AED'000 (Audited)</b>
<b>Non-current</b>		
Retention receivables	23,469	127,851
Prepayments and advances	26,017	-
Fair value adjustment	(5,981)	(2,695)
	<u>43,505</u>	<u>125,156</u>
<b>Current</b>		
Trade and retention receivables	407,355	388,513
Prepayments and advances	259,225	118,928
Other receivables	11,555	1,447
	<u>678,135</u>	<u>508,888</u>
Provision for impairment net of reversals	(63,081)	(57,729)
	<u>615,054</u>	<u>451,159</u>

#### 11 Related party balances and transactions

Related parties comprise the shareholders, directors, key management personnel and any businesses which are controlled, either directly or indirectly, or jointly controlled by them or over which they exercise significant influence. Pricing and terms of transactions with related parties are in accordance with agreements between the related parties and are approved by the Group's management.

# Al Qudra Holding PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

### 11 Related party balances and transactions (continued)

#### Balances and transaction with related parties

##### (a) Balances due from related parties

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
<b>Non-current</b>		
<u>Other related parties</u>		
Connection Real Estate	5,905	5,905
Others	81	523
	<u>5,986</u>	<u>6,428</u>
Less: provision for impairment net of reversals	(429)	(429)
	<u>5,557</u>	<u>5,999</u>
<b>Current</b>		
<u>Joint venture</u>		
Al Qudra Sports Management	<u>13,503</u>	<u>18,694</u>
<u>Other related parties</u>		
Projects International Dubai	6,868	6,868
SKM-Q L.L.C.	3,635	3,635
Hydra Properties	2,700	2,839
	<u>13,203</u>	<u>13,342</u>
	<u>26,706</u>	<u>32,036</u>
Less: provision for impairment net of reversals	(10,115)	(3,662)
	<u>16,591</u>	<u>28,374</u>

##### (b) Balances due to related parties

<u>Other related parties</u>		
Center of Excellence for Applied Research & Training	28,266	28,256
Lootah BCGas	8,467	8,467
GSE Power Systems, Inc.	8,065	8,065
Emirates Link Group	4,661	4,661
Viola Communications L.L.C.	1,574	1,584
Q Construction L.L.C.	-	29,500
Others	9,722	9,891
	<u>60,755</u>	<u>90,424</u>

# Al Qudra Holding PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

### 11 Related party balances and transactions (continued)

#### Balances and transaction with related parties (continued)

(c) *Significant transactions with related parties:*

	Six-month period ended	
	30 June 2018 AED'000 (Unaudited)	30 June 2017 AED'000 (Unaudited)
<b>Key management compensation</b>		
Salaries and short-term benefits	22,724	22,561
<b>Transactions with related parties</b>		
Finance income	503	658
Purchases	1,641	1,290
Sales	73	120

### 12 Development work in progress

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Al Sadu project - Abu Dhabi	375,392	375,000
Others	23,425	23,567
	398,817	398,567

Development work in progress represents development and construction costs incurred on properties under construction. As at the reporting date, the development work in progress are in a usable condition and no impairment indicators.

### 13 Cash and cash equivalents

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Cash and bank balances	54,853	95,507
Time deposits	18,150	13,987
	73,003	109,494
Less: deposits under lien	(500)	(594)
Cash and cash equivalents	72,503	108,900

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 14 Trade and other payables

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
<b>Non-current</b>		
Provision for infrastructure construction cost	44,953	61,869
Retention payables	37,040	166,183
Advances from customers	-	12,973
Others	1,095	2,361
	<u>83,088</u>	<u>243,386</u>
<b>Current</b>		
Trade payables	238,163	259,802
Retention payables	296,276	174,912
Advance from customers	74,294	66,380
Accrued expenses	55,943	28,986
Dividend payable	53,965	24,108
Others	47,642	55,407
	<u>766,283</u>	<u>609,595</u>

#### 15 Borrowings

Bank overdraft	-	2,113
Term loans	<u>1,468,150</u>	<u>1,184,740</u>
	1,468,150	1,186,853
Less: non-current portion of term loans	<u>(1,306,960)</u>	<u>(828,596)</u>
	<u>161,190</u>	<u>358,257</u>

- Bank overdrafts are repayable on demand and bear interest at prevailing inter-bank rates.
- Term loans' are obtained for the purpose of settling previous loan of the Group from another bank, finance the construction cost of the labour camp project in Musaffah and for other operational purpose. The term loans carry variable interest rates and are secured against various collaterals.

#### 16 Earnings per share

Earnings per share is calculated by dividing the profit attributable to the owners of the Company for the six-month period ended 30 June 2018, amounting to AED 31,801 thousand (six-month period ended 30 June 2017: AED 116,272 thousand) by the weighted average number of shares outstanding during the period of 808,984 thousand (30 June 2017: 621,698 thousand). There are no diluted earnings per share in the period presented.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 17 Commitments and contingent liabilities

The commitments relate to the construction of property under development (Note 8) and operating lease towards the land rent upon which the Group has constructed its investment properties on.

	<b>30 June 2018 AED'000 (Unaudited)</b>	<b>31 December 2017 AED'000 (Audited)</b>
Within one year	240,763	808,731
More than one year to five years	388,148	170,135
Above five years	159,568	163,318
Guarantees	150,340	150,340

#### 18 Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” on the Group’s condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

As a result of the changes in the Group’s accounting policies, the opening retained earnings in the condensed consolidated interim financial information has been adjusted. IFRS 9 and IFRS 15 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new standards are therefore not reflected in the consolidated statement of financial position as 31 December 2017, but are recognised in the opening retained earnings on 1 January 2018. The adjustments are explained in more detail below:

##### Impact of adoption

The IASB has issued a new standard for the recognition of revenue. IFRS 15 ‘Revenue from contracts with customers’ outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes IAS 11 which covers construction contracts and IAS 18 which covers contracts for goods. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.1 IFRS 15 Revenue from Contracts with Customers**

###### **Impact of adoption (continued)**

The Group has adopted IFRS 15 from 1 January 2018 and applied the modified retrospective approach permitted by IFRS 15 upon adoption. Following practical expedients available under the modified retrospective approach of IFRS 15 have been opted by the Group:

- The requirements of the new standard have been applied to contracts that are not completed as at the date of initial application (1 January 2018); and
- The Group has not restated the contracts in accordance with the revenue standard for contract modifications which took place before the date of initial application.

The Group has assessed the impact of applying the new standard on the Group's condensed consolidated interim financial information. During the impact assessment exercise of IFRS 15, the Group has assessed contracts in line with the detailed 5 steps model of revenue recognition and noted that the impact of the new standard on the condensed consolidated interim financial information is not material.

###### **Accounting policies**

The application of the new standard required the Group to apply the following new accounting policies:

###### **(i) Revenue from contracts with customers**

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
5. Recognise revenue when (or as) the Group satisfies a performance obligation at a point in time or over time.

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.1 IFRS 15 Revenue from Contracts with Customers (continued)**

###### **Accounting policies (continued)**

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

###### *(i) Revenue from contracts with customers (continued)*

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied. The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. As part of the impact assessment exercise, Group has concluded that for some of its arrangements, it is either creating or enhancing an asset controlled by the customer or it is creating an asset with no alternative use and has an enforceable right to payment for work completed. Therefore, it meets the criteria to recognise revenue overtime and measure progress of its projects through the cost to complete method (input method) as it best depicts the transfer of control of products and services under each performance obligation. While for other arrangements, the Group transfers control at a point in time and thus met the transfer criteria to recognise revenue at point in time when control of goods or services is transferred to the customer.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.1 IFRS 15 Revenue from Contracts with Customers (continued)**

###### **Accounting policies (continued)**

Variations which are in the nature of extension of existing scope of work are accounted for using cumulative catch up adjustments to the cost to complete method of revenue recognition. Variation orders which require addition of distinct goods and services to the scope at discounted prices are accounted for prospectively and variation orders which require addition of distinct goods and services to the scope at standalone selling prices are accounted for as new contracts with the customers.

Claims are accounted for as variable consideration. They are included in contract revenue using the expected value or most likely amount approach (whichever is more predictive of the amount the Group expects to be entitled to receive) and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the claim is subsequently resolved.

###### *(i) Revenue from contracts with customers (continued)*

A loss is recognised in the condensed consolidated interim statement of profit or loss when the expected contract costs exceed the total anticipated contract revenue.

The Group combines two or more contracts entered into at or near the same time with the same customer and accounts for the contracts as a single contract if one or more of the following criteria are met:

- The two or more contracts entered into at or near the same time with the same customer are negotiated as a package, with a single commercial objective;
- The amount of consideration to be paid in one contract depends on the price or performance of the other contract; or
- The goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

If the above criteria is met, the arrangements are combined and accounted for as a single arrangement for revenue recognition.

Pre-contract cost of obtaining a contract with a customer is recognised as an asset if those costs are expected to be recovered.

###### *(ii) Rental income from lease of investment property*

Rental income arising from operating leases on investment properties is recognised, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits derived from the leased asset.



## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.1 IFRS 15 Revenue from Contracts with Customers (continued)**

###### **Accounting policies (continued)**

###### *(ii) Rental income from lease of investment property (continued)*

Revenue is recognised in the condensed consolidated interim statement of profit or loss to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and the revenue and costs, if applicable, can be measured reliably.

###### *(iii) Development services*

Revenue from rendering of development management services is recognised when the outcome of the transaction can be estimated reliably, by reference to the stage of completion of the development obligation at the reporting date. Where the outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

###### *(iv) Income from hotels*

Income from hotels comprises revenue from rooms, food and beverages and other associated services provided, and is recognised at the point when the goods are sold or services are rendered.

###### *(v) Dividend income*

Dividend income from investments is recognised when the Group's right to receive payment has been established.

###### *(vi) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

##### **18.2 IFRS 9 'Financial Instruments'**

###### **Impact of adoption**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments, impairment of financial assets and hedge accounting.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)

#### 18.2 IFRS 9 'Financial Instruments' (continued)

##### Impact of adoption (continued)

The adoption of IFRS 9 "Financial Instruments" from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements for the year ended 31 December 2017. The new accounting policies are set out below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

The following table shows the adjustments for each individual line item of the consolidated statement of financial position. Line items that were not affected by the changes have not been included. As a result, the subtotals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of financial position (extract)	31 December 2017 AED'000	Impact of adoption IFRS 9 AED'000	1 January 2018 AED'000
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	605,740	-	605,740
Trade and other receivables	125,156	-	125,156
Due from related parties	5,999	-	5,999
<b>Current assets</b>			
Trade and other receivables	451,159	(5,678)	445,481
Due from related parties	28,374	(6,453)	21,921
<b>Equity</b>			
Retained earnings	452,043	(12,131)	439,912
Non-controlling interests	147,137	-	147,137

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.2 IFRS 9 ‘Financial instruments’ (continued)**

###### **Impact of adoption (continued)**

###### *(i) Classification and measurement*

On 1 January 2018 (the date of initial application of IFRS 9), the Group’s management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. Management has concluded that there are no material reclassifications of financial assets other than disclosed above.

###### *(ii) Impairment of financial assets*

The Group has the following types of financial assets that are subject to IFRS 9’s new expected credit loss model:

- Trade and other receivables;
- Due from related parties; and
- Contract assets (i.e. retentions and amounts due from construction contract customers).

The Group has revised its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the Group’s retained earnings and equity is disclosed above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group has applied the ‘simplified approach’ permitted by IFRS 9 as the Group holds portfolio of trade and contract assets that are homogeneous in nature and carry similar credit risk. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on credit risk characteristics and past due delays. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery.

The application of the new standard required the management to apply the following new accounting policies:

## **Al Qudra Holding PJSC and its subsidiaries**

### **Notes to the condensed consolidated interim financial information for the six-month ended 30 June 2018 (continued)**

#### **18 Changes in accounting policies (continued)**

##### **18.2 IFRS 9 ‘Financial Instruments’ (continued)**

###### **Impact of adoption (continued)**

###### *Classification*

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

###### **Accounting policies**

The classification depends on the Group’s business model for managing the financial assets that whether the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the cash flows that whether contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Management determines the classification of its investment at initial recognition.

###### **Recognition and measurement**

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through other comprehensive income are carried at fair value. After initial measurement, the Group presents fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the condensed consolidated interim statement of profit or loss following the derecognition of the investment.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

#### **19 Segment reporting**

Information regarding the Group’s operating segments is set out below in accordance with IFRS 8 Operating 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 “Executive management” who are the Chief Operating decision-makers in order to allocate resources to the segment and to assess its performance.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month ended 30 June 2018

#### 19 Segment reporting (continued)

##### Six-month period ended 30 June 2018 (Unaudited)

AED '000	Real Estate	Hospitality	Labour accommodation	Others	Total
Sales of goods and services	48,529	14,279	50,286	2,672	115,766
Cost of goods and services	(24,900)	(3,997)	-	(3,121)	(32,018)
Gross profit	23,629	10,282	50,286	(449)	83,748
General and administrative expenses	(55,369)	(11,322)	(15,791)	(3,783)	(86,265)
Selling and marketing expenses	(3,863)	(627)	-	(30)	(4,520)
Dividend income	44,400	-	-	-	44,400
Other income, net	18,484	1,383	44	371	20,282
Finance cost, net	(2,173)	(437)	(9,790)	(17)	(12,417)
Share of profit of investment in joint ventures	85	-	-	-	85
Net segment results	25,193	(721)	24,749	(3,908)	45,313

##### Six-month period ended 30 June 2017 (Unaudited)

AED '000	Real Estate	Hospitality	Labour accommodation	Others	Total
Sales of goods and services	232,901	16,081	4,721	5,384	259,087
Cost of goods and services	(111,413)	(4,583)	-	(13,226)	(129,222)
Gross profit	121,488	11,498	4,721	(7,842)	129,865
General and administrative expenses	(41,323)	(10,573)	(2,462)	(4,302)	(58,660)
Selling and marketing expenses	(2,103)	(1,436)	-	(1)	(3,540)
Dividend income	45,208	-	-	-	45,208
Other income, net	10,874	(1,555)	729	1,324	11,372
Finance cost, net	(8,570)	(285)	(1,404)	(194)	(10,453)
Share of loss of investment in joint ventures	(250)	(879)	-	-	(1,129)
Net segment results	125,324	(3,230)	1,584	(11,015)	112,663

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month ended 30 June 2018

#### 19 Segment (continued)

30 June 2018 (Unaudited) AED '000	Real Estate	Hospitality	Labour accommodation	Others	Total
Segment Assets	2,021,819	105,852	2,400,309	189,803	4,717,783
Segment Liabilities	509,957	97,179	1,215,361	569,629	2,392,126
31 December 2017 (Audited) AED '000	Real Estate	Hospitality	Labour accommodation	Others	Total
Segment Assets	2,211,164	85,826	2,119,551	187,171	4,603,712
Segment Liabilities	544,521	76,341	959,354	562,884	2,143,100

#### 20 Exposure to Abraaj Group

The Group has exposure to funds, which are managed by Abraaj Investment Management Limited (AIML). Abraaj Holding Limited (AHL) ultimately owns AMIL. The funds are separate legal entities and are not subject to the provisional liquidation proceedings.

	30 June 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
Infrastructure Growth Capital Fund	53,955	79,368
Abraaj Buyout Fund II	12,622	12,622
	66,577	91,990