

**Al Qudra Holding PJSC and its subsidiaries**

**Review report and condensed consolidated interim financial  
information for the six-month period ended 30 June 2020  
(Unaudited)**

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**Al Qudra Holding PJSC and its subsidiaries**

**Condensed consolidated interim financial information  
for the six-month period ended 30 June 2020 (Unaudited)**

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## Executive Summary

### Al Qudra Holding PJSC Financials as at 30<sup>th</sup> June 2020

Al Qudra Holding is still gearing well amid the current epidemic challenges that swiped the global and regional economy.

The epidemic an unprecedented event that affected most business sectors and our applied strategy for a diversification of our operations across sectors and geographical levels offered our company the power to sail through these choppy periods.

Our staff accommodation project Moon Flower City in Musaffah was completed in Q1 of this year, Al Qudra had managed to secure a long term lease contract of the City's residential buildings for 12 years at total lease value of circa AED 1.9 billion. This contract will underpin a strong and steady cash flow to the company for the coming years.

In addition, the company has entered into an agreement with the Department of Municipalities and Transport for Abu Dhabi Housing Authority to develop a concept master plan for a residential city of 1,500 villas with complete civic and retail amenities at West Baniyas, project commencement date is expected to be in 2021.

The company has also succeeded in executing a project development with Abu Dhabi Development Fund to build a medical complex at South Sudan, the project is progressing steadily.

Despite the partial lock down periods, yet construction of our projects progressed well. The Traditional Souq is on schedule and it should be ready to receive tenants by 2021. The construction works at our 5-star hotel Kasr Al Bahr in Rabat is also progressing well at 61% complete by 30<sup>th</sup> June, 2020.

Our subsidiaries continued to do well and some of them expanded their operations benefiting from the epidemic situations like our facility management company, more vital results will be shown in the second half of the year.

For the first half of 2020, Al Qudra recorded consolidated revenue of AED 224 million compared to AED 179 million last June 2019 representing a 25% growth in revenue. This is due to the new secured contracts in 2020 resulting in operating profit before interest expenses of AED 107.4 million compared to AED 102.4 million last June, recording a 5% growth.

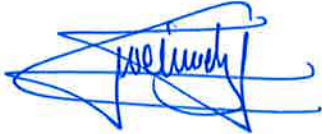
The net profit for the first 6 months of operations was set at AED 68.7 million shrinking by 27% compared to last year due to surging financial charges. Such a high financing cost is being negotiated with financial institutions to reduce it, the effect of loans rescheduling will become tangible in future periods.

Company's total assets reached AED 7.6 billion compared to AED 7.4 billion same period last year. This is mainly due to the increase in properties, investment properties and cash balance. Our total liabilities were reduced by AED 436 million due to offloading 35% stake in Moon Flower City which

was previously purchased on credit. The offloading of the company's assets is part of our overall strategy to gradually reduce our liabilities.

The company net worth is maintained at AED 2,260 million to yield a net book value of AED 2.79 per share and earnings per share attributed to the shareholders is set at 5 fils for the first half of the year.

I look forward to the second half of the year as we are committed to our company and will continue to work hard to deliver exceptional results to our shareholders.



**Michel Y Nassour**  
**Chief Executive Officer**



## 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 2020 and the related condensed consolidated interim statements of profit or loss, comprehensive income, 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".

### Emphases of matter

We draw attention to Note 7 (iii) (c) to the condensed consolidated interim financial information, which indicates that the Group has a plot of land in the Syrian Arab Republic which is carried at the directors' valuation.

We, further draw attention to Note 3 (critical accounting estimates and judgements) and Note 7 (investment properties) to the condensed consolidated interim financial information. These notes explain that there is certain uncertainty in determining accurate estimates to identify the fair value of these investment properties, due to the global COVID 19 pandemic.

Our conclusion is not modified in respect of these matters.

PricewaterhouseCoopers

13 August 2020

Rami Sarhan  
Registered Auditor Number 1152  
Abu Dhabi, United Arab Emirates

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Douglas O'Mahony, Rami Sarhan, Jacques Fakhoury and Mohamed ElBorno are registered as practising auditors with the UAE Ministry of Economy

## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of financial position

	Note	As at	
		30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	857,030	790,823
Investment properties	7	4,758,070	4,603,414
Right-of-use assets	17	78,173	80,381
Investment in associates		41,307	39,817
Investment in joint ventures		5,219	5,219
Financial assets at fair value through other comprehensive income	8	423,740	434,769
Trade and other receivables	9	22,869	22,869
Due from related parties	10	5,255	5,263
		<u>6,191,663</u>	<u>5,982,555</u>
<b>Current assets</b>			
Inventories		3,165	2,563
Development work in progress	11	487,475	487,435
Trade and other receivables	9	748,441	719,977
Due from related parties	10	149,705	144,401
Cash and bank balances	12	52,585	30,889
		<u>1,441,371</u>	<u>1,385,265</u>
<b>Total assets</b>		<u>7,633,034</u>	<u>7,367,820</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		808,984	808,984
Legal reserve		276,851	276,851
Merger reserve		336,465	336,465
Other reserves		242,442	241,922
Cumulative changes in fair value		49,209	60,238
Retained earnings		546,276	638,610
<b>Equity attributable to owners of the Company</b>		<u>2,260,227</u>	<u>2,363,070</u>
Non-controlling interests		990,110	186,621
<b>Total equity</b>		<u>3,250,337</u>	<u>2,549,691</u>

The notes from 1 to 19 form an integral part of this condensed consolidated interim financial information.

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## Al Qudra Holding PJSC and its subsidiaries

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

	Note	As at	
		30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	13	66,856	391,856
Borrowings	14	1,989,547	2,025,570
Lease liabilities	17	73,760	79,072
Provision for employees' end of service benefits		6,427	5,706
		<u>2,136,590</u>	<u>2,502,204</u>
<b>Current liabilities</b>			
Trade and other payables	13	1,746,615	1,901,928
Borrowings	14	421,644	344,314
Lease liabilities	17	18,479	10,735
Due to related parties	10	59,369	58,948
		<u>2,246,107</u>	<u>2,315,925</u>
<b>Total liabilities</b>		<u>4,382,697</u>	<u>4,818,129</u>
<b>Total equity and liabilities</b>		<u>7,633,034</u>	<u>7,367,820</u>

The condensed consolidated interim financial information was authorised for issue by the board of directors on ..12.. August 2020 and signed on its behalf by:



Chairman



Director

## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of profit or loss

	Note	Six-month period ended 30 June	
		2020 AED'000 (Unaudited)	2019 AED'000 (Unaudited)
Revenue from contracts with customers		61,956	41,636
Rental income		111,175	58,629
Dividend income from financial assets at fair value through other comprehensive income		45,992	47,017
Other income		4,625	31,847
		<u>223,748</u>	<u>179,129</u>
<b>Expenses</b>			
Contract costs		(21,205)	(4,732)
Staff costs		(32,156)	(37,978)
Utilities		(16,562)	(2,855)
Depreciation and amortization		(8,989)	(6,671)
Depreciation on right-of-use-assets		(2,208)	(2,203)
Marketing expenses		(952)	(3,194)
Rentals		(884)	(5,035)
Net reversal of impairment losses on financial assets		-	34,544
Other expenses		(33,350)	(48,528)
<b>Operating profit</b>		<u>107,442</u>	<u>102,477</u>
Finance costs		(42,777)	(23,717)
Share of profit on investment in associates		3,990	13,748
Share of profit on investment in joint ventures		-	346
<b>Profit for the period</b>		<u>68,655</u>	<u>92,854</u>
<b>Profit attributable to:</b>			
Owners of the Parent		40,372	79,347
Non-controlling interests		28,283	13,507
		<u>68,655</u>	<u>92,854</u>
<b>Basic and diluted earnings per share (AED)</b>	15	<u>0.049</u>	<u>0.098</u>

The notes from 1 to 19 form an integral part of this condensed consolidated interim financial information. (4)



## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of comprehensive income

	Six-month period ended 30 June	
	2020 AED'000 (Unaudited)	2019 AED'000 (Unaudited)
<b>Profit for the period</b>	68,655	92,854
<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	(11,029)	(31,628)
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	520	4,247
Other comprehensive loss for the period	(10,509)	(27,381)
<b>Total comprehensive income for the period</b>	<u>58,146</u>	<u>65,473</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	29,863	51,966
Non-controlling interests	28,283	13,507
	<u>58,146</u>	<u>65,473</u>

The notes from 1 to 19 form an integral part of this condensed consolidated interim financial information.

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## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of changes in equity

	Attributable to Owners of the Parent								
	Share capital AED'000	Legal reserve AED'000	Merger reserve AED'000	Other reserves 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 2020</b>	808,984	276,851	336,465	241,922	60,238	638,610	2,363,070	186,621	2,549,691
(Audited)	-	-	-	-	-	40,372	40,372	28,283	68,655
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	520	(11,029)	-	(10,509)	-	(10,509)
Total comprehensive loss for the period	-	-	-	520	(11,029)	-	(10,509)	-	(10,509)
<b>Transaction with owners:</b>									
Transactions with owners in their capacity as owners (Note 1)	-	-	-	-	-	(132,706)	(132,706)	775,206	642,500
<b>At 30 June 2020</b>	808,984	276,851	336,465	242,442	49,209	546,276	2,260,227	990,110	3,250,337
(Unaudited)									

The notes from 1 to 19 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 Parent								
	Share capital AED'000	Legal reserve AED'000	Merger reserve AED'000	Other reserves 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 2019</b>	808,984	273,202	336,465	241,895	114,526	520,814	2,295,886	164,692	2,460,578
(Audited)	-	-	-	-	-	79,347	79,347	13,507	92,854
Profit for the period	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	4,247	(31,628)	-	(27,381)	-	(27,381)
Total comprehensive loss for the period	-	-	-	4,247	(31,628)	79,347	51,966	13,507	65,473
<b>Transaction with owners:</b>									
Dividend declared	-	-	-	-	-	(56,629)	(56,629)	-	(56,629)
<b>At 30 June 2019</b>	808,984	273,202	336,465	246,142	82,898	543,532	2,291,223	178,199	2,469,422
(Unaudited)									

The notes from 1 to 19 form an integral part of this condensed consolidated interim financial information.

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## Al Qudra Holding PJSC and its subsidiaries

### Condensed consolidated interim statement of cash flows

	<u>Six-month period ended 30 June</u>	
	2020	2019
Note	AED'000	AED'000
	(Unaudited)	(Unaudited)
<b>Cash flow from operating activities</b>		
Profit for the period	68,655	92,854
<b>Adjustments for:</b>		
Depreciation	8,989	6,671
Depreciation of right-of-use assets	2,208	2,203
Dividend income	(45,992)	(47,017)
Finance costs	40,345	21,206
Finance cost on lease liabilities	2,432	2,511
Provision for employees' end of service benefits, net of payment	721	(3,428)
Reversal of provision for impairment	-	(34,544)
Share of profit of investment in joint ventures	-	(286)
Share of profit of investment in associates	(3,990)	(13,748)
<b>Operating cash flows before changes in working capital</b>	<u>73,368</u>	<u>26,422</u>
<b>Changes in working capital:</b>		
Inventories	(602)	117
Development work in progress	(40)	(90,683)
Trade and other receivables	(60,964)	113,720
Due from related parties	(5,296)	(26,705)
Due to related parties	421	(548)
Trade and other payables	194,693	(39,681)
<b>Net cash flows generated from/(used in) operating activities</b>	<u>201,580</u>	<u>(17,358)</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(75,196)	(106,078)
Additions to investment properties	(154,656)	(280,724)
Dividends received	48,492	52,128
Margin deposits (placed)/released	(3,770)	88
Investment in associate	-	(45)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,007
<b>Net cash flows used in investing activities</b>	<u>(185,130)</u>	<u>(333,624)</u>

## Al Qudra Holding PJSC and its subsidiaries

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

	Note	Six-month period ended 30 June	
		2020 AED'000 (Unaudited)	2019 AED'000 (Unaudited)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		43,000	473,905
Repayment of borrowings		(1,693)	(99,024)
Dividends paid		(6)	(20,149)
Finance costs paid		(40,345)	(20,765)
<b>Net cash flows generated from financing activities</b>		<u>956</u>	<u>333,967</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Net foreign exchange differences		17,406	(17,015)
Cash and cash equivalents at 1 January		520	4,247
		<u>18,524</u>	<u>23,594</u>
<b>Cash and cash equivalents at 30 June</b>	12	<u>36,450</u>	<u>10,826</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020

#### 1 General information

Al Qudra Holding PJSC (the “Company” or the “Parent”) 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:

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		30 June 2020	31 December 2019	
Al Qudra Real Estate LLC	UAE	100%	100%	Real estate management.
Al Qudra Holding - Morocco	Morocco	100%	100%	General investment.
Smart Hotel Management	Morocco	100%	100%	Hotel management.
Smart Hotel Properties	Morocco	100%	100%	Hotel management.
Kasr Al Bahr	Morocco	100%	100%	Hospitality.
Atlantic Coast Hospitality	Morocco	100%	100%	General investment.
Al Qudra Holding Offshore	Morocco	100%	100%	Holding Company.
Al Qudra Holding – Syria	Syria	100%	100%	General investment.
Al Qudra Real Estate	Syria	100%	100%	Real estate management.
Al Qudra Trading LLC	UAE	100%	100%	Commercial project investment.
Dana Hospitality LLC	UAE	100%	100%	Hotel management.
Ain Al Fayda Real Estate LLC	UAE	100%	100%	Real estate management.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		30 June 2020	31 December 2019	
Al Qudra General Trading Establish	UAE	100%	100%	Commercial project investment.
Al Qudra Facilities Management Services LLC	UAE	100%	100%	Cleaning and general maintenance for buildings and establishments management services.
Danat Facility Management LLC	UAE	100%	100%	Facilities management services.
Holiday Inn	UAE	100%	100%	Hotel management service.
Al Qudra for Agricultural and Development Company	UAE	100%	100%	Agriculture development.
Envo Scape LLC	UAE	100%	100%	Irrigation network contracting and constructing and maintaining parks and landscape design and planning activities.
Q General Investments Ltd	British Virgin Islands	100%	100%	General investment.
Al Qudra New Line Oil & Gas LLC *	UAE	50%	50%	Oil and gas and maintenance services.
Buhyarat Ain Al Fayda Real Estate LLC	UAE	100%	100%	Real estate management.
Manarah Bay Real Estate	UAE	100%	100%	Real estate management.
Q International Limited	UAE	100%	100%	General Investment.
Al Qudra Services LLC	UAE	100%	100%	Environmental plants maintenance.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		30 June 2020	31 December 2019	
Al Qudra and Ravago Investment LLC	UAE	51%	51%	General investment.
Q Scope LLC	UAE	51%	51%	Building Maintenance & Landscaping.
Q Energy LLC	UAE	60%	60%	Oil & Gas equipment installation and maintenance services.
Al Qudra Education LLC	UAE	100%	100%	Education Services.
Al Qudra Holding - Algeria	UAE	100%	100%	General Investment.
Al Qudra Holding – International LLC	UAE	100%	100%	Industrial Enterprise & Financial Management.
Emirates Simulation Academy LLC	UAE	60%	60%	Construction, Operation Management and Development of Training Centre.
Q For Commercial Markets Management	UAE	60%	60%	Setup, Ownership and development of commercial Market, Parks and entertainment facilities.
Q Link Transport	UAE	85%	85%	Transportation.
Q Car Park LLC *	UAE	50%	50%	Developing, operating, renting and equipping of car parking.
Q Active for Technologies LLC	UAE	51%	51%	Telecommunication system installation and maintenance.
ABNIA for Industrial Holding LLC *	UAE	50%	50%	Activities of cement, glass, iron, wood and electromechanical industries.
Al Qudra Belarus Ltd.	Belarus	100%	100%	General Investment.
Al Qudra Holding - Yemen	Yemen	100%	100%	General Investment.
Al Qudra Holding Industrial LLC	UAE	100%	100%	Consultancy in alternative power and industrial projects.



## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)

#### 1 General information (continued)

Name of subsidiaries	Place of incorporation and operation	Percentage of ownership		Principal activities
		30 June 2020	31 December 2019	
Q Parks Establishment	UAE	100%	100%	Touristic resort management & entertainment investment.
Al Qudra Health Care LLC	UAE	100%	100%	Health care & hospitality.
QP International LLC	UAE	60%	60%	Project Management.
Al Rayan Investment PSC	UAE	99.97%	99.95%	Develop, manage and invest in real estate enterprises.
Construction workers residential City LLC	UAE	65%	65%	Real Estate Investment.
Moon Flower Real Estate Development LLC	UAE	100%	100%	Real Estate Investment.
Green Precast Systems Technology LLC	UAE	100%	100%	General Contracting.
Earth Care Agricultural Products LLC	UAE	100%	100%	Agriculture Business.
Apex Residential LLC	UAE	100%	100%	Real Estate Investment.
Al Rayan Global Real Estate LLC	UAE	100%	100%	Real Estate Investment.
Q construction LLC	UAE	100%	100%	General contracting.
Radiant & Moonflower Real Estate Development LLC	UAE	65%	100%	Real Estate Investment.
Al Qudra Investment RSC Ltd.	UAE	100%	100%	Real Estate Investment.

\*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.

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

### **Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)**

#### **1 General information (continued)**

During the six-month period ended 30 June 2020, the Company has entered into a share sale agreement where, the Company sold its 35% shareholding in Radiant & Moonflower Real Estate Development LLC for a price of AED 675,000 thousand (fair value of consideration amounted to AED 642,500 thousand). At the date of transaction, the net book value of the Company in proportion to the shares sold amounted to AED 775,206 thousand. The difference of AED 132,706 thousand between the fair value of the sale consideration and net book value has been recognised in the condensed consolidated interim statement of change in equity.

#### **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 2020 (“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 2019. In addition, results for the six-month period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These condensed consolidated interim financial information have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through other comprehensive income that have been measured at fair value.

The condensed consolidated interim financial information has been presented in thousand United Arab Emirates Dirham (“AED’000”), which is the functional and presentation currency of the Company and its subsidiaries.

##### **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 2019 except for the new and amended standards as set out below.

(a) New and revised IFRS effective for accounting periods beginning on or after 1 January 2020

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)

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

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

(a) New and revised IFRS effective for accounting periods beginning on or after 1 January 2020 (continued)

- Definition of Material - amendments to IAS 1 and IAS 8 - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.
- Definition of a Business - amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. This has no impact on the Group's financial statements.
- Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7 - The United Kingdom Financial Conduct Authority ('FCA'), which regulates the London Interbank Offered Rate ('LIBOR'), announced that the interest benchmark would cease after 2021. LIBOR is one of the most common series of benchmark interest rates.

Other than the above, there are no other significant IFRS and amendments that were effective for the first time for the financial year beginning on or after 1 January 2020.

(b) *New standards and amendments applicable on periods starting on or after 1 January 2020 and not early adopted by the Group.*

<b>New standards and significant amendments to standards applicable to the Group:</b>	<b>Effective for periods beginning on or after</b>
IFRS 17 Insurance Contracts requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	1 January 2023
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely. Adoption is still permitted.

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

### **Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)**

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

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

(b) *New standards and amendments applicable on periods starting on or after 1 January 2020 and not early adopted by the Group. (continued)*

Management anticipates that these IFRS and amendments will be adopted in the condensed consolidated interim financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments are currently being assessed by the management.

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

The condensed consolidated interim financial information as at, and for the six-month period ended 30 June 2020 comprises results of the Company and its subsidiaries. The 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.

#### **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 2019 except as given below:

##### *Business continuity planning*

The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are currently working remotely.

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

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020**

#### **3 Critical accounting estimates and judgements (continued)**

##### *COVID-19 impact on measurement of ECL*

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecasted economic conditions. In order to assess ECL under forecast economic conditions, the Group concluded that such situation is likely to lead to an increase in the Expected Credit Loss (ECL) from trade receivables. This is mainly due to the increase of the counterparty risk (risk of default) from commercial customers. The quantification of such increase in risk remains very difficult in the current uncertain environment as well as absence of sufficient statistical historical data also makes it difficult to assess the impairment loss precisely. However, management has assessed the receivables with available information and given the nature of business and receivables outstanding, it believes that the amount of provision for impairment is sufficiently accounted for in this condensed consolidated interim financial information. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

##### *Liquidity management*

The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts and the Group is in the process of the negotiating restructuring of bank loans.

##### *Fair value of investment properties*

As of 30 June 2020, the same independent valuer reassessed the fair value of all the investment properties and concluded that there is no significant change observed in key estimates and judgements which were used in the valuation of investment properties as at 31 December 2019. In the assessment it has been concluded that for the investment properties (plots of land) valued using comparable method there is currently no evidence which suggest a change in the valuation for investment properties (plots of land). For the investment properties valued using income/market approach (camps, buildings etc), the Group did not observe any significant change in the key estimates used.

However, given the global COVID 19 pandemic, there is certain uncertainty in determining the accurate estimates to identify the fair value of these investment properties at the reporting date.

#### **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.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 4 Financial risk management (continued)

##### 4.1 Financial risk factors (continued)

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 2019. 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 2019.

##### 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.

##### 4.3 Fair value estimation

The Group classifies valuation of its 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 (Unaudited)
<b>At 30 June 2020</b>				
Investment properties	-	-	4,758,070	4,758,070
Financial assets at fair value through other comprehensive income	1,466	352,254	70,020	423,740
	<u>1,466</u>	<u>352,254</u>	<u>4,828,090</u>	<u>5,181,810</u>
				(Audited)
<b>At 31 December 2019</b>				
Investment properties	-	-	4,603,414	4,603,414
Financial assets at fair value through other comprehensive income	1,529	362,248	70,992	434,769
	<u>1,529</u>	<u>362,248</u>	<u>4,674,406</u>	<u>5,038,183</u>

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

### **Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)**

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

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

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 assets' 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.

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 2020, 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 2020 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 2020 are not necessarily indicative of the results that might be expected for the year ending 31 December 2019.

#### **6 Property, plant and equipment**

During the six-month period ended 30 June 2020, the Group accounted for additions to various property, plant and equipment with a cost of AED 75,196 thousand (year ended 31 December 2019: AED 474,733 thousand). The depreciation charge for the six-month period is AED 8,989 thousand (six-month period ended 30 June 2019: AED 6,671 thousand).

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 7 Investment properties

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Property under development (i)	1,001,468	2,996,877
Camps (ii)	2,956,065	806,000
Land (iii)	748,737	748,737
Buildings (iv)	51,800	51,800
	<u>4,758,070</u>	<u>4,603,414</u>

The Group's investment properties are valued on annual basis. As at 31 December 2019, investment properties were valued 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.

As of 30 June 2020, the same independent valuer reassessed the fair value of all the investment properties and concluded that there is no significant change observed in key estimates and judgements which were used in the valuation of investment properties as at 31 December 2019. In the assessment it has been concluded that for the investment properties (plots of land) valued using comparable method there is currently no evidence which suggest a change in the valuation for investment properties (plots of land). For the investment properties valued using income/market approach (camps, buildings etc), the Group did not observe any significant change in the key estimates used.

However, given the global COVID 19 pandemic, there is certain uncertainty in determining the accurate estimates to identify the fair value of these investment properties at the reporting date. Therefore, Management will continue to monitor the market situation and its impact on the valuation of the properties in future.

##### (i) Properties under development

- During the year 2017, Abu Dhabi Municipality provided a plot of land to Al Qudra Holding PJSC ("AQH"), for a lease period of fifty years. AQH is in the process of constructing a new traditional souq (the Souq) and a hotel situated between Al Maqta'a bridge and Khaleej Al Arabi Street located at the gateway to the Abu Dhabi. The Souq mainly comprises of commercial units and hubs which are expected to yield rental from its use. The valuation has been based on considering both the direct comparison and residual approaches. The main assumptions used in the valuation are, capitalisation yield rate of 7%. The property is expected to be completed during the year 2020. The estimated additional cost to complete as at 30 June 2020 AED 110,847 thousand (2019: AED 197,000 thousand).
- During the current period, the Group completed the construction of its major camp facility and accordingly an amount of AED 2,150,065 thousand has been transferred from property under development to Camps.



## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six- month period ended 30 June 2020 (continued)

#### 7 Investment properties (continued)

##### (ii) Camps

- The fair value of Construction Workers Residential City project (labour camp) had been based on income approach with a yield rate of 11.5%, amounted to AED 806,000 thousand (31 December 2019 : AED 806,000 thousand). This had been determined based on a valuation exercise performed by an external independent valuer at 31 December 2019. The significant estimates and assumptions remained unchanged at 30 June 2020.
- 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. The valuation has been based on the discounted cash flow approach. The main assumptions used in the valuation are, capitalisation yield rate of 9% and 9% for the ‘labour and staff accommodation’ and ‘commercial element of the building’, respectively and that the property will have 5,998 labour accommodation rooms. The significant estimates and assumptions remained unchanged at 30 June 2020.

##### (iii) Land

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

Plot	Location	30 June	31 December
		2020	2019
		AED'000	AED'000
		(Unaudited)	(Audited)
Manarah Bay (a)	Abu Dhabi, UAE	268,000	268,000
Khalifa city A (b)	Abu Dhabi, UAE	168,000	168,000
Khalifa city B (b)	Abu Dhabi, UAE	157,500	157,500
Rif Dimashk (c)	Syrian Arab Republic	92,737	92,737
Reem Island plot RT6-C7 (d)	Abu Dhabi, UAE	45,500	45,500
Hydra golf walk (d)	Abu Dhabi, UAE	17,000	17,000
		<u>748,737</u>	<u>748,737</u>

##### (a) Manarah Bay

The fair value of Manarah Bay has been determined by considering both the direct comparison and residual approaches. As at 31 December 2019 the fair value as per the valuation report was AED 268,000 thousand. During the period, there are no changes made in the estimates used to value this property.

##### (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 value of these plots was determined using comparable method.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 7 Investment properties (continued)

(iii) Land (continued)

(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 was valued by an independent valuer based in Lebanon at AED 263,308 thousand in 2019. Management have however, reduced the carrying value to AED 92,737 thousand (2019: AED 92,737 thousand) (representing a 65% reduction from the external valuation) taking into consideration their estimation of the impact on land values of the downturn in the economy in Syria, the devaluation of the local currency and the unstable political situation that exists there.

(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 construct investment properties for rental income. The fair value of these plots was determined using "Direct Comparison" approach.

(iv) *Buildings*

Plot	Location	30 June	31 December
		2020	2019
		AED'000	AED'000
		(Unaudited)	(Audited)
Al Qudra building (a)	Abu Dhabi, UAE	50,800	50,800
Al Ghadeer Project - Villa	Abu Dhabi, UAE	1,000	1,000
		<u>51,800</u>	<u>51,800</u>

(a) *Al Qudra building*

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

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

	30 June	31 December
	2020	2019
	AED'000	AED'000
	(Unaudited)	(Audited)
Quoted securities	1,466	1,529
Unquoted securities	422,274	433,240
	<u>423,740</u>	<u>434,769</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 8 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 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
At 1 January	434,769	499,756
Redemptions	-	(8,007)
Loss on redemptions	-	(2,692)
Change in fair value	(11,029)	(54,288)
At 30 June/31 December	<u>423,740</u>	<u>434,769</u>

The Group's exposure to Abraaj Group is as follows:

Infrastructure And Growth Capital Fund	<u>36,061</u>	<u>36,061</u>
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#### 9 Trade and other receivables

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Trade receivables	671,845	624,908
Advances to contractors	80,479	108,206
Due from customers on contracts	52,210	23,436
Retention receivables	53,426	65,904
Prepayments and other advances	59,421	91,657
Other receivables	82,854	57,660
	<u>1,000,235</u>	<u>971,771</u>
Impairment allowance	<u>(228,925)</u>	<u>(228,925)</u>
	<u>771,310</u>	<u>742,846</u>
Non-current	22,869	22,869
Current	748,441	719,977
	<u>771,310</u>	<u>742,846</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 10 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.

#### Balances and transaction with related parties

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

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Al Qudra Sports Management (Joint Venture)*	10,654	10,844
Barary Ain Al Fayda (Associate)**	132,250	127,301
	<u>142,904</u>	<u>138,145</u>
<u>Other related parties</u>		
Connection Real Estate	5,905	5,905
Projects International Dubai	6,868	6,868
SKM-Q L.L.C.	3,635	3,635
Others	2,801	2,264
	<u>19,209</u>	<u>18,672</u>
	162,113	156,817
Impairment allowance	<u>(7,153)</u>	<u>(7,153)</u>
	<u>154,960</u>	<u>149,664</u>

\* The balance represents receivable from Al Qudra Sports Management and includes loan amounted AED 7,904 thousand @ 5.5% interest p.a.

\*\* The balance represents receivable from Barary for sale of plots and construction payments.

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Non-current	5,255	5,263
Current	149,705	144,401
	<u>154,960</u>	<u>149,664</u>
<u>Impairment allowance movement</u>		
At 1 January	7,153	8,490
Reversal during the period/year	-	(1,337)
At 30 June 2020/31 December 2019	<u>7,153</u>	<u>7,153</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

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

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

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
<u>Other related parties</u>		
Center of Excellence for Applied Research & Training	28,256	28,256
Lootah BCGas	8,467	8,467
GSE Power Systems, Inc.	8,065	8,065
Emirates Link Group	4,661	4,661
Others	9,920	9,499
	<u>59,369</u>	<u>58,948</u>

##### (c) Significant transactions with related parties

	<u>Six-month period ended</u>	
	30 June 2020 AED'000 (Unaudited)	30 June 2019 AED'000 (Unaudited)
<b>Key management compensation</b>		
Salaries and short-term benefits	<u>4,043</u>	<u>6,747</u>
<b>Transactions with related parties</b>		
Finance income	<u>46</u>	<u>326</u>
Purchases	<u>371</u>	<u>333</u>
Sales	<u>2,041</u>	<u>17,350</u>

#### 11 Development work in progress

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Al Sadu project - Abu Dhabi	376,135	376,095
Reem Downtown	111,000	111,000
Others	42,402	42,402
	<u>529,537</u>	<u>529,497</u>
Less: impairment allowance	<u>(42,062)</u>	<u>(42,062)</u>
	<u>487,475</u>	<u>487,435</u>

Development work in progress represents land cost, development and construction costs incurred on properties under construction.

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 12 Cash and bank balances

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Cash at bank	36,450	18,524
Margin deposits	<u>16,135</u>	<u>12,365</u>
	<u>52,585</u>	<u>30,889</u>

For the purpose of condensed consolidated interim statement of cash flows, cash and cash equivalents comprise:

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Cash and bank balances	52,585	30,889
Less: margin deposits	<u>(16,135)</u>	<u>(12,365)</u>
	<u>36,450</u>	<u>18,524</u>

#### 13 Trade and other payables

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Trade payables	1,282,052	1,865,147
Retention payables	172,216	162,081
Provision for infrastructure construction cost	52,978	58,570
Accrued expenses	54,210	35,798
Advance from customers	42,605	41,417
Dividend payable	70,064	70,070
Accrued interest	18,703	2,343
Deferred income	112,249	8,018
Other payables	<u>8,394</u>	<u>50,340</u>
	<u>1,813,471</u>	<u>2,293,784</u>
Non-current	66,856	391,856
Current	<u>1,746,615</u>	<u>1,901,928</u>
	<u>1,813,471</u>	<u>2,293,784</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 14 Borrowings

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
Bank overdraft	13,736	12,056
Term loans	<u>2,397,455</u>	<u>2,357,828</u>
Less: non-current portion of term loans	<u>(1,989,547)</u>	<u>(2,025,570)</u>
Current portion	<u>421,644</u>	<u>344,314</u>

- Bank overdrafts are repayable on demand and bear interest at prevailing inter-bank rates.
- Term loans are obtained for the purpose of financing the construction of projects and for other operational purposes. The term loans carry variable interest rates and are secured against various collaterals.
- The Group has complied with the financial covenants of its borrowing facilities during the period, furthermore the Group is in the process of negotiating with certain banks to restructure its facilities.

#### 15 Earnings per share

	<b>30 June 2020 AED (Unaudited)</b>	<b>30 June 2019 AED (Unaudited)</b>
<b>Basic and diluted earnings per share</b>	<u>0.049</u>	<u>0.098</u>

Earnings per share is calculated by dividing the profit attributable to the owners of the Parent for the six-month period ended 30 June 2020, amounting to AED 40,372 thousand (six-month period ended 30 June 2019: AED 79,347 thousand) by the weighted average number of shares outstanding during the period of 808,984 thousand (30 June 2019: 808,984 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 period ended 30 June 2020 (continued)

#### 16 Commitments and contingent liabilities

##### a) Commitments

The commitments relate to the construction of property under development.

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Within one year	118,502	402,440
More than one year to five years	74,274	80,360

##### b) Contingencies

Guarantees	68,526	152,952
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##### c) Litigations

The Group is a defendant in certain long outstanding legal cases in ordinary course of its business, from which management anticipate that no material liabilities are expected to arise as at the reporting date.

#### 17 Right of use assets and lease liabilities

The movement of the right of use asset during the period is summarized as follows:

##### Right of use assets

	Land	
	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
<b>Cost:</b>		
At 1 January	84,788	84,788
At 30 June 2020/31 December 2019	84,788	84,788
<b>Accumulated depreciation:</b>		
At 1 January	(4,407)	-
Charge for the period	(2,208)	(4,407)
At 30 June 2020/31 December 2019	(6,615)	(4,407)
Net carrying amount	78,173	80,381



## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 17 Right of use assets and lease liabilities (continued)

##### *Lease liabilities*

Movement in the lease liabilities during the year is as follows:

	<b>30 June 2020 AED'000 (Unaudited)</b>	<b>31 December 2019 AED'000 (Audited)</b>
At 1 January	89,807	84,788
Interest expense	2,432	5,019
At 30 June 2020/31 December 2019	<u>92,239</u>	<u>89,807</u>
Of which are:		
Current lease liabilities	18,479	10,735
Non-current lease liabilities	73,760	79,072
	<u>92,239</u>	<u>89,807</u>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 18 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.

	Real Estate	Hospitality	Labour accommodation	Others	Total
<b>Six-month period ended 30 June 2020</b>					
<b>(Unaudited)</b>					
Income	67,966	11,484	140,360	3,938	223,748
Expenses	(29,546)	(10,559)	(57,568)	(7,436)	(105,109)
Earnings before interest, tax and depreciation	38,420	925	82,792	(3,498)	118,639
Depreciation and amortization	(6,032)	(544)	(2,357)	(56)	(8,989)
Depreciation on right-of-use-assets	-	-	(2,208)	-	(2,208)
Operating profit	32,388	381	78,227	(3,554)	107,442
Finance costs	(12,011)	(632)	(30,119)	(15)	(42,777)
Share of profit on investment in associates	3,990	-	-	-	3,990
<b>Net segment results</b>	<b>24,367</b>	<b>(251)</b>	<b>(48,108)</b>	<b>(3,569)</b>	<b>68,655</b>
<b>Six-month period ended 30 June 2019</b>					
<b>(Unaudited)</b>					
Income	99,024	15,130	56,302	8,673	179,129
Expenses	(24,443)	(14,385)	(21,663)	(7,287)	(67,778)
Earnings before interest, tax and depreciation	74,581	745	34,639	1,386	111,351
Depreciation and amortization	(5,322)	(605)	(609)	(135)	(6,671)
Depreciation on right-of-use-assets	-	-	(2,203)	-	(2,203)
Operating profit	69,259	140	31,827	1,251	102,477
Finance costs	(11,975)	(1,048)	(10,675)	(19)	(23,717)
Share of profit on investment in associates	13,748	-	-	-	13,748
Share of profit on investment in joint ventures	346	-	-	-	346
<b>Net segment results</b>	<b>71,378</b>	<b>(908)</b>	<b>21,152</b>	<b>1,232</b>	<b>92,854</b>

## Al Qudra Holding PJSC and its subsidiaries

### Notes to the condensed consolidated interim financial information for the six-month period ended 30 June 2020 (continued)

#### 18 Segment reporting (continued)

As at 30 June 2020 (Unaudited)	Real Estate	Hospitality	Labour accommodation	Others	Total
Segment Assets	3,475,367	146,331	3,667,734	343,602	7,633,034
Segment Liabilities	1,475,619	144,363	2,068,484	694,231	4,382,697
<b>As at 31 December 2019 (Audited)</b>					
Segment Assets	3,409,460	148,388	3,466,186	343,786	7,367,820
Segment Liabilities	2,060,426	144,256	1,921,586	691,861	4,818,129

#### 19 Going concern

During the six-month period ended 30 June 2020, the Group had recognised profit for the period of AED 68,655 thousand (six-month period ended 30 June 2019: AED 92,854 thousand) and as at 30 June 2020 had retained earnings of AED 546,276 thousand (31 December 2019: AED 638,610 thousand) and net assets of AED 3,250,337 thousand (31 December 2019: AED 2,549,691 thousand). However, the Group carried net current liabilities of AED 804,736 thousand (31 December 2019: AED 930,660 thousand) at the reporting date.

The Board of Directors projected the expected future net cash inflows from operations which the existing assets will be generating from current and future projects. In the assessment, the Board has considered the start of operations of new projects. The Board has also considered a new major revenue construction contract with the government. Such projects are expected to generate additional net cash inflows for the Group.

Considering the above projects and revenue generating activities, they are of the view that the future net cash inflows from operations will be sufficient for the Group to enable it to meet both its liabilities as they fall due and to carry on its business without a significant curtailment of operations in the foreseeable future. Accordingly, this condensed consolidated interim financial information has been prepared on a going concern basis.