

**Eshraq Properties PJSC**

**Condensed consolidated interim financial  
information for the three-month period ended  
31 March 2018 (unaudited)**

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## **Eshraq Properties PJSC**

### **Condensed consolidated interim financial information for the three-month period ended 31 March 2018**

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## **Report on review of condensed consolidated interim financial information to the Board of Directors of Eshraq Properties PJSC**

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Eshraq Properties PJSC (the 'Company') and its subsidiaries (together referred as the 'Group') as at 31 March 2018 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three-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 Engagement 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, 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 7 to the condensed consolidated interim financial information which discloses the fact that the title deeds for certain properties with a carrying value of AED 271,900 thousand have not yet been transferred into the name of the Group subject to the completion of certain formalities which are currently under process. In addition, the third party seller has confirmed its intention in prior year to transfer the title into the name of the Group on demand. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers

.....10 May.....2018

Jacques E Fakhoury  
Registered Auditor Number 379  
Abu Dhabi, United Arab Emirates

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

## Eshraq Properties PJSC

### Condensed consolidated interim statement of financial position

	Note	31 March 2018 AED'000 (Unaudited)	31 December 2017 AED'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	102,266	103,123
Investment properties	7	883,501	883,472
Advance for purchase of available-for-sale investments	8	-	38,076
Available-for-sale investments		-	117,076
Financial assets at fair value through other comprehensive income	9	150,802	-
		<u>1,136,569</u>	<u>1,141,747</u>
<b>Currents assets</b>			
Development work-in-progress	10	80,342	80,300
Inventories		72	78
Trade and other receivables	11	11,589	18,937
Financial assets at fair value through profit or loss	12	82,664	77,335
Cash and bank balances	13	192,555	181,900
		<u>367,222</u>	<u>358,550</u>
<b>Total assets</b>		<u>1,503,791</u>	<u>1,500,297</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
<b>Capital and reserve</b>			
Share capital	14	2,325,000	2,325,000
Statutory reserve	15	137,754	136,979
Accumulated losses		(979,196)	(986,168)
Revaluation reserve of financial assets designated as fair value through other comprehensive income		(4,694)	-
Cumulative changes in fair value of available-for-sale investments		-	(344)
<b>Total equity</b>		<u>1,478,864</u>	<u>1,475,467</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for employees' end of service benefits	16	621	648
<b>Current liabilities</b>			
Trade and other payables	17	24,306	24,182
<b>Total liabilities</b>		<u>24,927</u>	<u>24,830</u>
<b>Total equity and liabilities</b>		<u>1,503,791</u>	<u>1,500,297</u>

The condensed consolidated interim financial information has been approved and authorised by the Board of Directors on 10 May 2018 and signed on its behalf by:

  
Chairman

  
Director

The notes on pages 6 to 18 form an integral part of the condensed consolidated interim financial information (2)

## Eshraq Properties PJSC

### Condensed consolidated interim statement of comprehensive income

	Note	Three-month period ended	
		31 March	
		2018	2017
		AED'000	AED'000
		(Unaudited)	(Unaudited)
Revenues		7,247	6,909
Cost of revenues		(1,433)	(1,000)
<b>Gross profit</b>		<u>5,814</u>	<u>5,909</u>
Change in fair value of financial assets at fair value through profit or loss	12	5,329	-
General and administrative expenses		(5,662)	(5,598)
Selling and marketing expenses		(493)	(722)
<b>Operating profit/(loss) for the period</b>		<u>4,988</u>	<u>(411)</u>
Finance income/(cost), net		2,648	(569)
Other income		111	25
<b>Profit/(loss) for the period</b>		<u>7,747</u>	<u>(955)</u>
Other comprehensive loss for the period:			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income	9	(4,350)	-
<i>Items that will be reclassified subsequently to profit or loss</i>			
Net unrealised fair value loss on available for sale investments		-	(4,610)
<b>Other comprehensive loss for the period</b>		<u>(4,350)</u>	<u>(4,610)</u>
<b>Total comprehensive profit/(loss) for the period</b>		<u>3,397</u>	<u>(5,565)</u>
Basic and diluted profit/(loss) per share (AED)	19	<u>0.0033</u>	<u>(0.0004)</u>

## Eshraq Properties PJSC

### Condensed consolidated interim statement of changes in equity

	Share capital AED'000	Statutory reserve AED'000	Accumulated losses AED'000	Cumulative changes in fair value of available-for-sale investments AED'000	Revaluation reserve of financial assets designated as fair value through other comprehensive income AED'000	Total AED'000
<b>Balance at 1 January 2017 (Audited)</b>	2,325,000	133,725	(1,015,457)	(5,725)	-	1,437,543
Loss for the period	-	-	(955)	-	-	(955)
Other comprehensive loss for the period	-	-	-	(4,610)	-	(4,610)
Total comprehensive loss the period	-	-	(955)	(4,610)	-	(5,565)
<b>Balance at 31 March 2017 (Unaudited)</b>	<b>2,325,000</b>	<b>133,725</b>	<b>(1,016,412)</b>	<b>(10,335)</b>	<b>-</b>	<b>1,431,978</b>
<b>Balance at 1 January 2018 (Audited)</b>	2,325,000	136,979	(986,168)	(344)	-	1,475,467
Profit for the period	-	-	7,747	-	-	7,747
Other comprehensive loss for the period	-	-	-	-	(4,350)	(4,350)
Total comprehensive profit for the period	-	-	7,747	-	(4,350)	3,397
Reclassification (note 22)	-	-	-	344	(344)	-
Transfer to statutory reserve	-	775	(775)	-	-	-
<b>Balance at 31 March 2018 (Unaudited)</b>	<b>2,325,000</b>	<b>137,754</b>	<b>(979,196)</b>	<b>-</b>	<b>(4,694)</b>	<b>1,478,864</b>

## Eshraq Properties PJSC

### Condensed consolidated interim statement of cash flows

	Note	Three-month period ended	
		31 March	
		2018	2017
		AED'000	AED'000
		(Unaudited)	(Unaudited)
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		7,747	(955)
<b>Adjustments for:</b>			
Depreciation	6	772	796
Gain on disposal of property and equipment		(98)	-
Change in fair value of financial assets at fair value through profit or loss	12	(5,329)	-
Provision for employees' end of service benefits	16	54	92
Interest income		(2,648)	(299)
Foreign exchange loss		-	868
<b>Operating cash flows before payment of employees' end of service benefits and changes in working capital</b>			
		498	502
Employees' end of service benefits paid	16	(81)	(1,373)
<b>Changes in working capital:</b>			
Trade and other receivables, net		5,274	(117)
Inventories		6	(15)
Development work in progress		(42)	(2,033)
Trade and other payables		124	(15,933)
<b>Net cash generated from/(used in) operating activities</b>		<b>5,779</b>	<b>(18,969)</b>
<b>Cash flows from investing activities</b>			
Interest received		3,222	299
Additions to investment properties	7	(29)	-
Purchase of property and equipment	6	(98)	(612)
Proceeds from disposal of property and equipment		281	-
Additions to available-for-sale investments		-	(50,000)
Dividends received		1,500	-
Term deposits placed, net		(33,075)	-
<b>Net cash used in investing activities</b>		<b>(28,199)</b>	<b>(50,313)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(22,420)</b>	<b>(69,282)</b>
Foreign exchange difference		-	(868)
Cash and cash equivalents at 1 January		45,104	412,556
<b>Cash and cash equivalents at 31 March</b>	13	<b>22,684</b>	<b>342,406</b>

## **Eshraq Properties P.J.S.C.**

### **Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018**

#### **1 General information**

Eshraq Properties PJSC (the “Company”) was initially registered as private joint stock company in the Emirate of Abu Dhabi, UAE on 24 December 2006. On 7 July 2011, the Company converted to a public joint stock company. The Company is listed on Abu Dhabi Securities Exchange.

The Company is registered under commercial license No. 1005631 and Abu Dhabi Chamber of Commerce and Industry membership No. 223393. The registered head office of the Company is at P.O. Box 108737, Abu Dhabi, U.A.E.

The Company and its subsidiaries (together referred to as the “Group”) are principally engaged in real estate business which includes development, sale, investment, construction, management and associated services. The Company also owns a hotel apartment.

#### **2 Basis of preparation**

The condensed consolidated interim financial information for the three-month period ended 31 March 2018 have been prepared in accordance with International Accounting Standard 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. In addition, results for the three-month ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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.

#### *Basis of consolidation*

The condensed consolidated interim financial information comprises of the financial information of the Company and its following subsidiaries:

<b>Name</b>	<b>Country of operation</b>	<b>Principal activity</b>	<b>Interest</b>
Nuran Marina Serviced Residence LLC*	United Arab Emirates	Hotel apartments	100%
Eshraq International Properties	Cayman Islands	Real estate	100%

\*Ownership of 51% of Nuran Marina Service Residence LLC is held by the heirs of a former board member on behalf of the Company. The beneficial ownership has been assigned to the Company.



## **Eshraq Properties PJSC**

### **Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)**

#### **2 Basis of preparation (continued)**

The financial information of the subsidiaries is prepared for the same reporting period as for the Company, using consistent accounting policies. All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. The Company exercises control over all of the subsidiaries listed above.

#### **3 Accounting policies**

The accounting policies adopted 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. Amendments to IFRSs effective for the financial year ending 31 December 2018 are not expected to have a material impact on the Group.

#### **4 Estimates and judgments**

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 expense. Actual results may differ from these estimates.

In preparing the 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 group annual consolidated financial statements for the year ended 31 December 2017.

#### **5 Financial risk management and financial instruments**

##### **5.1 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 financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017. There have been no changes in the risk management department or in any risk management policies since year end.

##### **5.2 Liquidity risk**

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 5 Financial risk management and financial instruments (continued)

##### 5.3 Fair value estimation

The fair values of the financial assets and liabilities of the Group are not materially different from their carrying values at the reporting date.

	<u>Carrying amount</u> AED'000	<u>Fair value</u> AED'000
<b>31 March 2018</b>		
<b>Financial assets</b>		
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income	150,802	150,802
<b>Current</b>		
Financial assets at fair value through profit or loss	<u>82,664</u>	<u>82,664</u>
	<u>233,466</u>	<u>233,466</u>
<b>Current</b>		
– quoted	82,664	82,664
<b>Non-current</b>		
– quoted	308	308
– unquoted	<u>150,494</u>	<u>150,494</u>
	<u>233,466</u>	<u>233,466</u>
<b>31 December 2017</b>		
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	77,335	77,335
Available-for-sale investments*	<u>117,076</u>	<u>117,076</u>
	<u>194,411</u>	<u>194,411</u>
<b>Current</b>		
– quoted	77,335	77,335
<b>Non-current</b>		
– quoted	326	326
– unquoted	<u>116,750</u>	<u>116,750</u>
	<u>194,411</u>	<u>194,411</u>

\*See note 22 for details regarding the restatement as a result of a change in accounting policy.

##### (a) Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

*Level 1:* quoted (unadjusted) prices in active markets for identical assets or liabilities

*Level 2:* other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

*Level 3:* techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 5 Financial risk management and financial instruments (continued)

##### 5.3 Fair value estimation (continued)

###### (a) Fair value hierarchy (continued)

Management assessed that cash and short-term deposits, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments as at 31 March 2018.

The following table shows the analysis of financial instruments and investment properties recorded at fair value by level of the fair value hierarchy at 31 March 2018 and 31 December 2017:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>At 31 March 2018</b>				
Investment properties	-	638,701	244,800	883,501
Financial assets carried at fair value through profit or loss	82,664	-	-	82,664
Financial assets at fair value through other comprehensive income	308	-	150,494	150,802
<b>At 31 December 2017</b>				
Investment properties	-	638,672	244,800	883,472
Financial assets at fair value through profit or loss	77,335	-	-	77,335
Available-for-sale investments*	326	-	116,750	117,076

\*See note 22 for details regarding the restatement as a result of a change in accounting policy.

During the period, there have been no transfers made between or into Level 1, Level 2 and Level 3 fair value measurements.

###### (b) Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short term, i.e. are held for trading. They are presented as current assets if they are expected to be sold within 12 months after the end of the reporting period; otherwise they are presented as non-current assets.

Changes in fair values of financial assets at fair value through profit or loss are recorded in condensed consolidated interim statement of comprehensive income.

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

The Group classifies financial assets at fair value through other comprehensive income if they are acquired principally for the purpose of keeping the investment for the long term. They are presented as non-current assets.

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 5 Financial risk management and financial instruments (continued)

##### 5.3 Fair value estimation (continued)

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

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserve of financial assets. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

#### 6 Property and equipment

	AED'000
<b>Cost</b>	
At 1 January 2018	128,410
Additions for the period	98
Disposals for the period	(1,760)
<b>At 31 March 2018</b>	<u>126,748</u>
<b>Accumulated depreciation</b>	
At 1 January 2018	25,287
Charge for the period	772
Disposals for the period	(1,577)
<b>At 31 March 2018</b>	<u>24,482</u>
<b>Net book amount</b>	
<b>At 31 March 2018</b>	<u>102,266</u>
<b>At 31 December 2017</b>	<u>103,123</u>

All of the Group's property and equipment are located in the UAE.

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 7 Investment properties

Investment properties represent certain plots of land located in the UAE, several apartments in a residential building in Dubai and an apartment in the United States of America (USA). Management believes that there is no significant change in the fair value of investment properties during the three-month period ended 31 March 2018.

	31 March 2018 AED'000	31 December 2017 AED'000
Balance at 1 January	883,472	728,967
Additions	29	11,193
Transfer from advance for purchase of investment properties	-	146,696
Decrease on account of settlement with a seller	-	(3,233)
Decrease in fair value	-	(151)
Balance at 31 March/31 December	<u>883,501</u>	<u>883,472</u>

Three plots of land are not registered in the name of the Group. The title deeds for these properties with a carrying value of AED 271,900 thousand have not yet been transferred into the name of the Group subject to the completion of certain formalities which are currently under process. In addition, the third party seller has confirmed its intention in prior year to transfer the title into the name of the Group on demand.

#### 8 Advance for purchase of available-for-sale investment

During December 2017, the Group paid an amount of AED 38,076 thousand to an Investment Manager (a related party) as an advance to acquire shares in an unquoted fund. The transaction was completed in January 2018.

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

	31 March 2018 AED'000	31 December 2017 AED'000
Balance at 1 January	-	-
Transfer from advance for purchase of available-for-sale (note 8)	38,076	-
Reclassify investments from available-for-sale (note 22)	117,076	-
Change in fair value, net	(4,350)	-
Balance at 31 March/31 December	<u>150,802</u>	<u>-</u>

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

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

The Group's investments are comprise of : (i) an investment in a closed end real estate fund with the objective to invest in income producing real estate assets in the United Arab Emirates (UAE); (ii) an investment in an open-end fund incorporated in UAE with the objective to generate superior and consistent return; (iii) an investment in an equity stake of an unlisted entity established in Cayman Islands with the objective to acquire, develop, hold, market, lease, operate, dispose of, sub-divide and otherwise deal with a property situated in the UAE; and (iv) an investment in a financial institution that provides Islamic Financing, Corporate Financing and Asset Management.

In 2018, due to change in accounting standards (note 22), available-for-sale investments have been reclassified to financial assets at fair value through other comprehensive income.

#### 10 Development work in progress

Development work in progress represents development and construction costs incurred on properties being constructed which will be sold in the future to prospective customers. All development work in progress projects are located in the United Arab Emirates. Management believes that there is no significant change in the net realisable value of development work-in-progress during the three-month period ended 31 March 2018.

	31 March 2018 AED'000	31 December 2017 AED'000
Balance at 1 January	80,300	80,020
Additions during the period/year	42	3,181
Impairment loss on development work-in-progress	-	(2,901)
Balance at 31 March/31 December	<u>80,342</u>	<u>80,300</u>

#### 11 Trade and other receivables

	31 March 2018 AED'000	31 December 2017 AED'000
Trade receivables	1,009	6,813
Advances to suppliers	1,931	2,075
Prepayments	2,118	1,468
Accrued interest income	3,973	4,547
Other receivables*	2,558	4,034
	<u>11,589</u>	<u>18,937</u>

\*As of 31 March 2018 other receivables include dividends receivable from a related party of AED 835 thousand (note 18).

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 12 Financial assets at fair value through profit or loss

	31 March 2018 AED'000	31 December 2017 AED'000
At 1 January	77,335	-
Additions	-	73,455
Fair value gain, net	5,329	3,880
	<u>82,664</u>	<u>77,335</u>

During 2017, the Group invested AED 36,753 thousand in a UAE listed bond denominated in US Dollars. The debt security carried a coupon rate of 6.75%. At 31 March 2018, accrued interest on bonds of AED 1,032 thousand (31 December 2017: AED 413 thousand) is disclosed under trade and other receivables (note 11). The fair value loss on financial assets at fair value through profit or loss from the bond amounted to AED 155 thousand (31 December 2017: gain of AED 194 thousand).

During 2017, the Group invested AED 36,702 thousand in UAE listed equity securities. The fair value gain on financial assets at fair value through profit or loss from the equity securities amounted to AED 5,484 thousand (31 December 2017: gain of AED 3,686 thousand).

Investments carried at fair value through profit or loss are all held for trading and include the following:

	31 March 2018 AED'000	31 December 2017 AED'000
<b>Current assets</b>		
UAE listed equity securities	45,873	40,388
UAE listed bond	36,791	36,947
	<u>82,664</u>	<u>77,335</u>

#### 13 Cash and bank balances

	31 March 2018 AED'000	31 December 2017 AED'000
Cash on hand	20	31
Cash at bank	31,418	53,842
Bank deposits with original maturity of more than three months	158,075	125,000
Bank deposits with original maturity of less than three months	3,042	3,027
	<u>192,555</u>	<u>181,900</u>

Bank deposits with original maturity of less than three months carry interest at 0.50% - 1.70% (31 December 2017: 0.15 % - 1.70%) per annum.

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 13 Cash and bank balances (continued)

Bank deposits with original maturity of more than three months are held with a financial institution in the UAE. These are denominated in the UAE Dirhams and carry an effective interest rate of 6% - 7% per annum (2017: 6% - 7%).

For the purpose of the condensed consolidated interim statement of cash flows, cash and cash equivalents are comprised of the following:

	31 March 2018 AED'000	31 December 2017 AED'000
Cash and bank balances	192,555	181,900
Less: Bank deposits with original maturity of more than three months	(158,075)	(125,000)
Less: restricted cash	(11,796)	(11,796)
	<u>22,684</u>	<u>45,104</u>

#### 14 Share capital

	31 March 2018 AED'000	31 December 2017 AED'000
<i>Authorised, issued and fully paid</i> 2,325,000,000 ordinary shares (2017: 2,325,000,000) of AED 1 each	<u>2,325,000</u>	<u>2,325,000</u>

#### 15 Statutory reserve

In accordance with the Articles of Association of the Company and in line with the provisions of Article 103 of UAE Federal Law No. 2 of 2015 ("Companies Law"), the Company is required to transfer annually to a statutory reserve account an amount equal to 10% of its profit for the year, until such reserve reaches 50% of the share capital of the Company. This reserve is not available for distribution.

#### 16 Provision for employees' end of service benefits

	31 March 2018 AED'000	31 December 2017 AED'000
Balance at 1 January	648	2,120
Charge for the period/year	54	283
Employees' end of service benefits paid	(81)	(1,755)
Balance at 31 March/31 December	<u>621</u>	<u>648</u>



## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

#### 17 Trade and other payables

	31 March 2018 AED'000	31 December 2017 AED'000
Unclaimed dividend	11,061	11,061
Advances from customers*	6,908	7,676
Board remuneration	1,110	-
Trade payables	81	154
Retention payable	956	956
Accruals	632	539
Others	3,558	3,796
	<u>24,306</u>	<u>24,182</u>

\*Advances from customers represent the amounts received as advance payments in respect of the sale of apartment units. Advances from customers include an amount of AED 4,200 thousand (31 December 2017: AED 4,200 thousand) received as advance rentals against land given under operating leases as per Masataha agreements.

#### 18 Related party balances and transactions

Related parties include the associated companies, shareholders, directors, key management personnel and entities controlled, jointly controlled by the shareholders or over which they exercise significant management influence. Pricing policies and terms of these transactions are approved by the Group's management and believed to be on an arm's length basis.

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

	31 March 2018 AED'000	31 December 2017 AED'000
Advance for purchase of available-for-sale investment paid to an investment manager – a related party (classified as non-current asset) (note 8)	-	38,076
Bank balances with related parties financial institutions (included in cash and bank balances) (note 13)	155,928	144,874
Dividends receivable from a related party (included in trade and other receivables) (note 11)	835	2,335
Investments in Funds managed by related parties (included in financial assets at fair value through other comprehensive income/available for sale investments) (note 9)	150,494	116,750
Investment in a UAE listed Bond issued by a related party (included in financial assets at fair value through profit or loss) (note 12)	36,791	36,947

## Eshraq Properties PJSC

### Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)

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

	31 March 2018 AED'000	31 December 2017 AED'000
Accrued interest from deposits placed in related parties financial institutions – included in trade and other receivables (note 11)	2,725	4,134
Accrued interest from UAE listed bond issued by a related party – included in trade and other receivables (note 11)	1,032	413
Other payables to an investment manager - a related party – included in trade and other payables (note 17)	6	1,326

During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business, carried out on terms and conditions, agreed between the parties.

	Three-month period ended 31 March	
	2018 AED'000	2017 AED'000
Purchase of available-for-sale-investment (note 9)	-	50,000
<b>Key management compensation</b>		
Board of directors' remuneration	1,110	-
Short term benefits	-	725
Employee end of service benefits	-	33
	<u>1,110</u>	<u>758</u>

#### 19 Basic profit/(loss) per share

As there are no dilutive instruments outstanding therefore, basic and diluted earnings per share are identical. The calculation of basic and diluted earning per share attributable to the owners of the company is based on the following data:

	Three-month period ended 31 March	
	2018 '000	2017 '000
Profit/(loss) for the period (AED)	7,747	(955)
Weighted average number of shares outstanding	2,325,000	2,325,000
Basic and diluted profit/(loss) per share (AED)	<u>0.0033</u>	<u>(0.0004)</u>

## **Eshraq Properties PJSC**

### **Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)**

#### **20 Segment reporting**

Following the management approach in regard to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assessing its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is mainly engaged in a single segment of investing in real estate. No significant income of a seasonal nature was recorded in the condensed consolidated interim statements of comprehensive income for the three month period ended 31 March 2018 and 31 March 2017.

#### **21 Contingencies**

As of 31 March 2018, the Group is defendant in some of claims raised by contractor and other parties. Such claims are normal during the development phase of projects. The Group considers that there is no significant claim which could have any material impact on its operations or will result in material liability and will vigorously defend against them.

#### **22 Changes in accounting policies**

##### *(a) IFRS 9 'Financial Instruments'*

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.

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 interim condensed consolidated financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

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

Investment in unquoted shares amounting to AED 117 million was reclassified from available-for-sale investments to financial asset at fair value through other comprehensive income. Related fair value loss of AED 0.3 million was transferred from cumulative changes in fair value of available-for-sale investments to revaluation reserve of financial assets designated as fair value through other comprehensive income on 1 January 2018.

## **Eshraq Properties PJSC**

### **Notes to the condensed consolidated interim financial information for the three-month period ended 31 March 2018 (continued)**

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

##### *(b) IFRS 15 'Revenue from contracts with customers'*

The Group has adopted IFRS 15 from 1 January 2018 which resulted in change in accounting policies.

##### *Operating revenue from Hotel*

Revenue represents revenue from hotel rooms, food and beverage and other associated services provided. These are invoiced to customers upon provision of services during the period. A receivable is recognised when the services are rendered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.